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ABSTRACT

The extent to which skill and competency-based systems used by work organizations in the United Kingdom may contribute to maintenance of the pay gap between men and women was examined through a review of the following: pertinent literature from the United Kingdom and United States; 15 published case studies; current Institute for Employment Studies research on assessment/measurement of competencies; and information from a workshop at which practitioners in large public and private organizations discussed issues in using skill- and competency-based pay and training systems. Among the study's main findings were the following: (1) women are more likely than men to undervalue the skill levels of their jobs; (2) although men and women managers do not differ greatly in the competencies they possess, women are consistently rated lower on leadership ability by managers; (3) the process of translating skills/competencies to individual performance criteria is complex and liable to gender bias; (4) performance appraisal remains the main method for assessing performance; and (5) skill-based pay is less likely to cover female employees. Areas for further research were also identified. (Appended are a 59-item annotated bibliography and a summary of published case studies of pay/training systems. The bibliography contains 94 references.) (MN)

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Marie Strebler
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Report 333

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The Institute for Employment Studies is an independent, international centre of research and consultancy in human resource issues. It has close working contacts with employers in the manufacturing, service and public sectors, government departments, agencies, professional and employee bodies, and foundations. Since it was established over 25 years ago the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has a multidisciplinary staff of over 50. IES expertise is available to all organisations through research, consultancy, training and publications.

IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

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Executive Summary

This preliminary study examines gender issues related to corporate training and payment systems based on skills and competencies. Such systems are becoming more widespread among UK organisations, and there is increasing concern that the complexity of these new systems may not have overcome the shortcomings of previous systems in narrowing the pay gap between women and men. This study explores the gender implications of the increasing tendency of organisations to make payments to staff on the basis of an assessment of their individual skills or level of training, and on an assessment of individual competencies.

Background to the study

The objectives of this preliminary study were to investigate the extent to which skill and competency based systems used by organisations may in practice contribute to the maintenance of the pay gap. The study examined both the available research and organisational practices with a view to mapping out the field and identifying the gaps in knowledge. This study is based on the following:

- A wide review of the research literature both from the UK and the USA, and secondary analyses of fifteen published case studies of examples of the new payment and training systems used by employers and sixteen published competency frameworks.

- Current IES research on the assessment and measurement of competencies, our consultancy work, and data outlined at a workshop of practitioners in large private and public sector organisations to discuss issues in the use of skill and competency based systems.

The report discusses the gender issues in the employers' practices of linking competencies to pay and training, from the point of view of equity. A research framework provides a structure to the review of the research evidence and highlights some of the gaps. We summarise the main research findings and areas which the study shows need further examination.

Main research findings

The research findings highlight potential gender differences in the use of corporate payment and training systems linked to skills and competencies. Although the study concentrated on potential gender impact, these findings may also be relevant to other disadvantaged groups such as ethnic minorities and disabled people.

Skills and competencies

1. The traditional definitions of skills which were based on the more technical elements of a job and the level of training required, may no longer be adequate to cover the full spectrum of the abilities needed to perform new roles.
2. Women, particularly those who work part time, are likely to undervalue the skill levels of their jobs, whereas men tend not to do so. Men are likely to undervalue the social skills and interaction with customers and clients, which women stress as important, and which may be essential requirements of service-type occupations.
3. There is much confusion about definitions, and employers use the terms skills and competencies interchangeably. Definitions of the terms are likely to vary according to employers, the approaches used, and individual users.
4. The concept of competence encompasses two different approaches: in the USA, competencies refer to the behaviours an individual needs to demonstrate effectiveness or superior performance in a job; in the UK, competences relate to the ability of an individual to perform activities to a prescribed standard within an occupation.
5. Employers express the skills and competencies they wish to develop or reward as lists, known as competency frameworks. The contents of these corporate competency frameworks are likely to vary according to employers, groups of staff, and the purpose for which they are being used (*eg* appraisal, training *etc.*).

Gender differences

1. Related research on gender differences in managerial work seems to indicate that women and men managers do not differ greatly in the competencies they possess. However, gender role stereotyping is pervasive and women are less likely than men to be perceived by both male and female managers as displaying the characteristics of an effective manager.
2. The fact that women are consistently rated lower on leadership ability by managers has important implications since this is a common competency for managers. Criteria for leadership positions may be gender-biased if the more 'transformational' leadership style of women is not valued as equal to the more 'transactional' style of men.
3. Evidence is emerging which shows that young women achieve lower levels of NVQs than young men. This gender gap seems to be more pronounced in Scotland, in 'Craft and Related' occupations and in the Construction and Manufacturing industry.
4. Employers who link NVQs to pay and training may disadvantage women if they do not ensure that women have equal access to training and if they do not monitor the outcomes of pay and training systems linked to NVQs for potential gender differences.

Assessment and measurement

1. Clearly the process of translating skills and competencies to individual performance criteria is complex and liable to gender bias. Since many employers have devolved the process to individual line managers, there is a risk that the choice of performance criteria may be influenced by factors other than job performance (*eg* budgeting constraints). Inconsistency between line managers is also an important potential danger.
2. Performance appraisal remains the main method for the assessment of performance and the findings discussed demonstrate that the process is subject to gender bias and stereotypes.
3. There is a great deal of evidence concerning the impact of bias on the measurement of performance. Research evidence has, however, perhaps focused on the more technical aspects of rating scales rather than on the validity and on the accuracy of the measurement of competency performance.
4. Evidence also shows that line managers acting as assessors in assessment centres find the measurement of performance on tasks easier than the assessment of individual competencies.

5. The use of self assessment and multiple sources of ratings may reduce the effect of gender bias and stereotypes. Although women may undervalue the skill level of their jobs more than men, they have been shown to be more accurate in the assessment of their own performance.

Competency and skill-based pay

1. Competency based pay (CBP) has a variety of meanings. It can apply to job evaluation schemes or be used to progress people through bands and/or modify the assessment measures in merit pay systems.
2. The greater delegation of decision-making on individual pay to line managers is a highly important change in the structure of pay determination which widens the scope for greater discrimination.
3. Skills-based pay is less likely to cover female employees. However, there is little research on the gender aspects of these types of payment system. The potential for discrimination may be more likely to lie in access to training opportunities than in the process by which pay decisions are taken.
4. The use of occupational standards and achieved level of NVQs by employers to influence the development of pay structures and to determine progression, may potentially disadvantage women; the emerging research suggests that lower levels of NVQs are achieved by young women than by young men.

Skill and competency based training

1. Whilst training and development may only be indirectly related to pay, unequal access to training for women will lead to poorer promotion prospects and therefore pay. As individually targeted competency based training becomes the norm in organisations, progression for women may be limited where training has not been traditionally available and where part-time work limits their access to training.
2. Women's progression may also be limited by their line managers' assessment of their training needs; the relative importance given to technical and personal competencies; the fact that they may be given less challenging objectives; and their own perceptions of their training needs.
3. The fact that line managers lack coaching skills could be a potential barrier to women who wish to develop the skills and competencies they require for promotion, particularly as women

perceive their managers to be less able to identify their strengths and weaknesses than men do.

4. Women's perception of what are the most important factors for career advancement seems to differ from men's. Women stress competence in the management and development of people whereas for men, visibility and a knowledge of internal politics is more important. It seems that men are more likely than women to gain training for career advancement and for this to have a more positive impact on their promotion prospects.

Areas for further research

The study has revealed that further research is needed before we can establish with certainty the gender implications in the use of these systems. In particular, research is needed on gender issues in the use of skills and competencies and on employers' practice in the design and implementation of the new systems.

Skills and competencies

1. The gender implications of the various competency frameworks used are likely to be different and it will be important to collect clear information about the approaches taken by organisations to develop their frameworks. This suggests a need to compare employers using a method of assessment based on tasks (*eg* occupational standards) with those using behaviours (*eg* a competency framework).
2. The effectiveness of the performance criteria attached to different competency frameworks should be examined and different competency models should be compared (*eg* behavioural vs occupational standards) to determine which aspects of the approaches are more effective than others.
3. The practice of asking line managers to decide which competency level is applicable to individual jobs should be investigated for potential bias in the choice of levels and in the extent to which they relate to individual performance.
4. Given the same competency framework, further research should examine whether women have different competency profiles attached to their roles and are assigned a more challenging or less challenging target level of competency performance than men.
5. Research is needed to examine whether and how the gender bias and stereotypes in the assessment process may result in

different ratings of competency performance for men and women. The impact of self assessment and peer assessment should also be considered with a view to developing guidelines to supplement assessment by line managers.

6. Further research is needed to examine whether the use of competency frameworks by employers increases the probability that women, in particular managers, will be perceived to be less likely to display the competencies required for effective performance, and whether women are also likely to have lower perceptions of their own job competence.

Organisational practices

1. Further research will need to take account of the ways in which the new business agenda influences organisational practices. In particular, how the shift to individual performance has helped or hindered women's perceptions of the skill level of their jobs, and whether the introduction of initiatives such as Opportunity 2000 has had any impact in changing perceptions.
2. In order to assess the gender implications of the new corporate payment and training systems, the historical impact of previous HR systems needs to be investigated further. For example, which elements of the old system have been kept, and which changed, and why? There is a need to assess the impact of the time and costs pressure exerted by senior management and line managers, and the way these affect the types of systems produced. It will also be fruitful to collect examples of best practice amongst HR practitioners in order to make practical recommendations.
3. The preliminary analysis of published case studies has shown that a more detailed classification of systems according to their purpose (*eg* training or pay), the type of pay and grading structure (*eg* job evaluation, merit pay, skill or competency based), the groups of staff they are intended for (*eg* managerial, clerical and industrial) and the criteria used to assess performance (competencies or skills/NVQs), may be valuable in assessing potential gender issues in their use. Further research should continue to develop this classification and compare practices across industrial sectors.
4. It would be useful to develop criteria to score systems in terms of ease of communication, clarity and potential gender differences.
5. Our review of the literature suggests that there are no studies that have looked at the EO aspects of competency based job evaluation schemes in practice. Clearly there is a research need in this area.

6. Competency based appraisal systems should be examined to identify whether the use of competencies either moderates or reinforces the gender bias found with the more traditional method of appraisal, and whether women are more accurate than men in the assessment of their own competency performance and, if so, why.
7. Further research should ascertain whether the ways in which organisations choose to implement new competency frameworks may potentially disadvantage women, whether women have the same access to training and support as men and whether these aspects of implementation have any impact on the perceived equity of the system.
8. The evidence so far seems to suggest that further research is needed to explore whether differentials in pay outcomes may be due to the fact that women have less access to training (both internally and externally-delivered) and development opportunities. It should also examine whether women are at a disadvantage in practice when employers link their pay systems to the achievement of NVQs.

Next steps

Our preliminary study has shown that a case study approach is the most suitable option and is likely to yield the most practical output. It is suggested that case studies should be selected to cover a variety of payment and training systems, and a range of different approaches to skills and competencies. In our view, as many as twenty case studies might be required to cover the variety of payment and training systems and the different uses of skills and competencies identified in this preliminary assessment. In practice, however, we recognise that securing access to as many as twenty organisations within the following sampling parameters and offering a variety of approaches, may be difficult to achieve in practice.

As far as possible the sample should include organisations drawn from both the private and public sectors; different employment sectors; different regions and parts of Britain, including Scotland and Wales. In addition, it may be useful to target some of the organisations which are members of Opportunity 2000 or the EOC Equality Exchange.

In order to be effective, any further research would need to involve a range of key stakeholders (*eg* decision makers, HR practitioners, line managers, women and men employees) and occupational groups (skilled manual and managerial and clerical).

Previous work for the EOC has shown that structured fieldwork which includes several methods of data collection (*eg* desk research, individual interviews and a small survey) yields the best information.

There will be some difficulties in achieving all the sampling parameters. In most cases, however, access is a problem and it will require some time to organise the fieldwork. A compromise will have to be sought between breadth and depth and it may be more practical to concentrate on a smaller number of organisations.

Our preliminary study has shown that there are enormous gaps in our knowledge of organisational practices in the use of competencies for training and reward. The findings and areas for further research can be used to develop hypotheses and research questions which will highlight gender issues in the use of competency based pay and training systems and, therefore, provide practical guidelines for best practice.

1. Background

1.1 Why this study?

Despite the existence of equal pay legislation since 1970, pay is not generally thought of as an equal opportunities issue. Indeed equal opportunities policies seldom incorporate a policy on equal pay. However, the gender pay gap is still wide and pay remains the real touchstone by which commitment to equal opportunities can be measured.

The Equal Opportunities Commission (EOC) has previously undertaken a number of studies to examine payment structures and performance appraisal and merit pay from a gender perspective (Industrial Relations Services, 1991 and 1992; Bevan and Thompson, 1992). However, there is increasing concern that payment systems have become more complex and that these developments may not have overcome the shortcomings of previous systems. Similarly, recent research on the gender implications of the system of National Vocational Qualifications (NVQs) highlights gender differences in vocational qualifications for young men and women, and shows that female workers are achieving lower levels of vocational qualifications than male workers (Gibbins, 1994; Felstead, Goodwin and Green, 1995 and Felstead, 1996). This can in turn lead to lower levels of pay and poorer promotion prospects. There is, therefore, the need to establish more clearly the links between new training developments, as they relate to skills and competencies, and payment systems.

The Equal Opportunities Commission (EOC) is committed to achieving a substantial narrowing of the pay gap and has produced a Code of Practice on Equal Pay. The EOC now wishes to gather information on whether or not there are gender implications for the increasing tendency of organisations to make payments to staff on the basis of an assessment of their individual skills or level of training, and on an assessment of individual competencies (*ie* the perceived level of competence in applying these skills). The EOC commissioned the Institute for Employment Studies (IES) to conduct this preliminary study to examine gender issues related to corporate training and payment systems based on skills and competencies.

1.2 Gender and pay

Payment systems which are based on the performance of individuals in a job as measured by their level of skills and competencies should, in theory at least, provide equal opportunities to both men and women. Furthermore, gender equity and flexible pay systems are covered by the Danfoss ruling of the European Court of Justice, which states the principle that 'the quality of work carried out by a worker may not be used as a criterion for pay increments where its application shows itself to be systematically unfavourable to women'. However, previous research on gender pay equity indicates that individuals may not be treated equally in practice. In particular:

- Few employers are aware of the implications of the Danfoss ruling or monitor their payment systems for gender inequalities on a regular basis (Bevan and Thompson, 1992).
- A review examining the prospects for gender equity in performance-related pay concluded that 'while women may benefit, overall the moves towards a widening income dispersion and the increased importance of management discretion and appraisal, are likely to disadvantage women' (Rubery, 1995).
- There is also evidence to show that within narrowly defined occupations and jobs, most of the unexplained difference in total pay between men and women is due to gender differences in the portion of pay that was contingent on job performance (Chauvin and Ash, 1994).

Given these findings, there is a need to explore whether the increasing practice of employers to link skills and competencies to training and payment systems leads to gender differences in judgements of individual job performance, which in turn result in differential pay outcomes for men and women.

1.3 Equity

Whilst there has been much enthusiasm expressed about the use of skills and competencies, we do not know whether the new training and payment systems which integrate them are more equitable than the ones they replaced. Given the increasing complexity of the systems, this may be difficult to judge in practice. However, equity can be considered according to several important criteria. As Armstrong asserts (1996):

- The reward system should not only be fair but it should be seen to be fair (*ie* transparent) — an important aspect of the Danfoss ruling.
- Equity is achieved when people are rewarded appropriately in relation to others within the organisation, and in accordance with their worth and the value of their contribution (ie relative worth should be measured as objectively as possible).
- The system should allow consistent decisions to be made about reward levels and individual rates of pay (*ie* guidelines should be provided to line managers but some flexibility should be allowed for individual circumstances).

In order to demonstrate equity, therefore, the new training and payment systems based on individual skills and competencies should be transparent, should reward both men and women according to their respective contributions, and should allow for consistent decisions to be made about pay and training outcomes.

1.4 Skills and competencies

The term 'competencies' is used throughout this report. Whilst employers increasingly use skills and competencies, there is much disagreement about what is meant in practice by these terms. In the case of competencies, there is also no agreement about spellings (*eg* competences or competencies). There is, therefore, a need to review the different approaches and definitions. Similarly, the impact of these from a sex equality point of view has not been addressed. For example:

- What is the evidence for gender differences in skills and competencies?
- Are 'female' skills or qualities undervalued or regarded as intrinsically less economically valuable than 'male' skills?

- Do women have the same access to any skills or training modules offered?

A great deal has been written about gender issues in training and reward systems, but we know little about gender issues in the choice of skills and competencies and in their assessment and measurement. Since training and pay decisions resulting from the application of these new systems are based on the judgement of individual performance by line managers, there is a need to explore the process in more depth, and to identify the stages at which gender inequalities could arise.

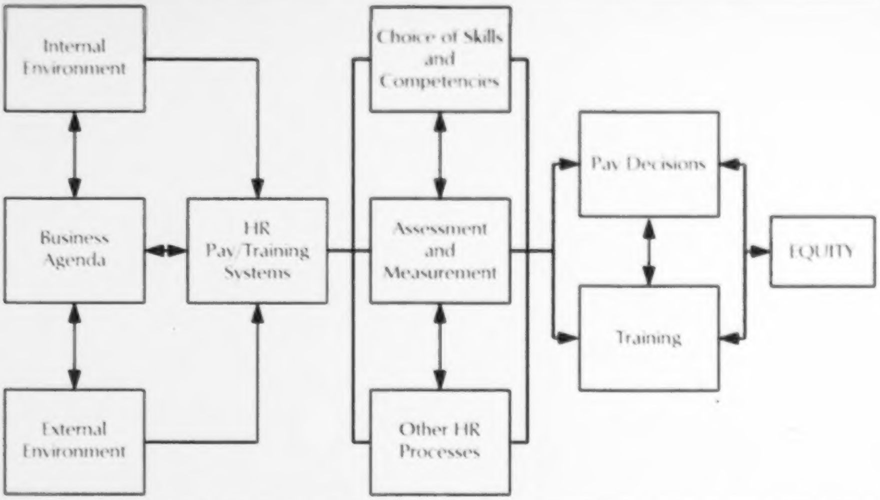
1.5 Organisational practices: a research framework

There is no recommended best practice for linking skills and competencies to training and payments systems, and organisations appear to be using a variety of approaches. Given the complexity of the systems, it was felt useful, at the outset, to map out the different stages of the process and suggest the potential factors and variables that may influence pay and training decisions and eventually the equity of the outcomes. Although the stages may in practice overlap, the framework in Figure 1.1 sets the context and the boundaries within which skill and competency based systems are applied by employers. It also enables us to review the available research evidence and identify the research gaps. Three main aspects are crucial from a sex equality perspective. These are whether:

- the types of pay and training systems based on skills and competencies are transparent and fair in their implementation as well as in their design and philosophy
- the skills and competencies used can be assessed objectively and consistently and are representative measures of individual job performance
- the pay and training decisions are related to individual differentials in job performance and the outcomes are perceived to be equitable.

In order to understand the gender implications of these new developments, we need to consider in what ways the business agenda and the internal context of an organisation influence the design and implementation of systems. For instance, should we expect employers to be concerned about the gender implications of linking skills and competencies to their training and payment

Figure 1.1 : A research framework


Internal Environment
Business Agenda
External Environment
HR Pay/Training Systems
Choice of Skills and Competencies
Assessment and Measurement
Other HR Processes
Pay Decisions
Training
EQUITY

Source: IES, 1997

systems, when equal opportunities policies rarely incorporate a policy on equal pay? Moreover, organisational practices will have been shaped by previous use of systems and the culture in which they were implemented. On the other hand, there is a need to gather evidence on the ways in which skills and competencies are assessed for training needs in the workplace, particularly in relation to General National Vocational Qualifications (GNVQs) and National Vocational Qualifications (NVQs). What are the linkages between these external skills training systems and workplace training and payment systems? Are there differences between the size of employers, industrial sectors, regions and occupational groups in the ways these external systems are adopted and operated? What are the implications of these for equal opportunities?

Similarly, the assessment and measurement of the skills and competencies demonstrated by both men and women relies to a large extent on the judgement of individual line managers. Since the advantage of lists of skills and competencies is that they provide a common language to describe the required level of job performance, should we assume that these will be used consistently and more objectively in appraisal discussions? Do the training, skills and qualification criteria used to determine job requirements genuinely relate to individual performance?

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Are there criteria which could discriminate against particular workers, such as part-time workers? Are women and men assessed for the same set of competencies? Are competencies interpreted in a consistent way?

Finally, previous research has shown that bias tends to enter the merit pay process when appraisal ratings are being translated into merit pay awards, and that men with similar appraisal ratings as women are more likely to have been offered training and promotion opportunities (Bevan and Thompson, 1992). At present, little is known about the way payments are linked to the individual performance of skills and competencies and how pay awards are allocated. Do the procedures for implementing the pay and training systems operate fairly between men and women? In what ways, if any, do these new systems contribute to maintaining the pay gap between male and female employees?

1.6 Objectives

Given these concerns, the objectives of the project were to investigate the extent to which skill and competency based systems used by organisations may in practice contribute to maintaining the gender pay gap and to understand the aspects of the process which were vulnerable to gender bias. It sought to examine the following:

1. What is the impact of organisational business strategy and changing business needs on the decision to introduce skills and competencies?
2. Are external training developments such as National Vocational Qualifications (NVQs) and General National Vocational Qualifications (GNVQs) having an influence on organisational training and payment systems?
3. How are corporate human resources (HR) policies aligned to business strategy in practice, and what is the rationale governing organisational choice of systems?
4. What factors are key to line managers implementing training and payment systems successfully?
5. Are the methods used to assess and measure individual performance of skills and competencies applied consistently and fairly?
6. What are the effects of organisational variations on the translation of individual performance assessment into pay and training outcomes?

7. Do employees perceive the processes and outcomes of skills and competency based payment systems to be equitable?

The scope of such a study is potentially extensive. The current project, however, was a preliminary study to review the use of skills and competencies from a gender perspective in order to address the research questions discussed above. We explored organisational practices outlined in the research framework, drawing from existing research evidence and previous IES experience. This review considered the different viewpoints of key stakeholders involved in the process, namely decision makers, line managers, HR personnel and individual employees. The aim was to identify gaps in the existing research and recommend where more in-depth research is required.

1.7 Methodology

A number of methodological approaches were adopted for this study. These consisted of:

- A review of the available literature from both the UK and the USA on skills and competencies (an annotated bibliography can be found in Appendix 1).
- A review of research on payment systems which focuses on gender, to provide a framework for the analysis.
- An analysis of published case studies to examine organisational practices in the development of competency frameworks, and the link between these and training and payment systems (see Appendices 2 and 3).
- The organisation of a workshop for decision makers and HR practitioners in large private and public sector organisations to discuss issues in the use of skill and competency based systems.
- An analysis of data from an existing IES Co-operative Research Project on the assessment and measurement of competencies.

This study also draws on IES consultancy work on the use of skills and competencies in organisations.

1.8 Structure of the report

The research evidence and issues highlighted by this preliminary study are discussed in the following sections from a gender perspective:

- Section 2: 'Skills and Competencies' examines the definitions of skills and competencies and national training initiatives.
- Section 3: 'Organisational Practices' discusses the impact of the business and HR agenda on the use, design and implementation of skills and competency based training and payment systems.
- Section 4: 'Assessment and Measurement' reviews the methods used to assess skills and competencies.
- Section 5: 'Pay and Training Outcomes' discusses the link between skills and competencies, and pay and training decisions.
- Section 6: 'Conclusions and Further Research' summarises the issues discussed in the report and proposes a methodology for further research.

2. Skills and Competencies

A great deal of confusion exists in the definition of the terms skills and competencies. In practice, both terms are often used interchangeably by employers. It is, however, important to distinguish between traditional definitions of skills and the newer concept of competencies, since gender issues in their use are likely to be different. As a potential source of workplace training, the gender implications of the national vocational training initiatives also need to be considered. In this section we examine the following:

- traditional definitions of skills
- the definitions of competence and competencies according to the existing models
- the impact of the national vocational training initiatives.

The aim of this section is to provide some background to the use of skills and competencies by illustrating the different approaches available. The research literature on skills and occupations is too extensive to be reviewed fully here. Instead, we concentrate on why skills definitions are changing, and the newer systems that are available for defining them. In the context of the research framework outlined in Chapter 1, we concentrate on the external environment which may influence organisational practices discussed in the next section.

2.1 Skills

Definitions of skill have traditionally been associated with the level of training a job requires (eg completion of a craft apprenticeship). Jobs have historically been termed 'skilled' or 'unskilled' (or 'semi-skilled'). Thus, standard measures of skills have, in the past, been derived mainly from the manufacturing industry for 'technical' skills (Dale, 1996). As Francis and Penn (1994) argue, there is considerable debate in the literature about the concept of skill, and no shared definition between social scientists. However, traditional definitions have been found wanting for several reasons:

- The nature of jobs has changed and is continuing to change; thus the key elements of a job, which together serve to make it 'skilled' or 'unskilled', may change.
- There is an increased realisation that existing methods of defining what the key elements of a job are may be flawed and subject to gender bias (Horrell, Rubery and Burchell, 1994).
- Older methods of assessing skills (*eg* 'traditional apprenticeship') are no longer seen as relevant by employers, at least in some industries and occupations.
- Some employers are increasingly interested in defining the skills required for a particular job more objectively for pay and training purposes.

Given these changes in the nature of roles and the skills required to perform them, it is not surprising that organisations are increasingly turning to the newer concept of competencies.

2.2 Competence and competencies

We can trace two main strands to the origins of competence and competencies in the field of job performance, and the concept of competence has given rise to two widely different approaches in the USA and UK.

2.2.1 Competency: the behavioural approach

In the USA, the concept of competence was put forward by McClelland (1973) when there were increasing concerns that traditional academic aptitude tests did not predict job performance and that they were often biased against ethnic minorities, women, and people from a lower socio-economic background. This led McClelland to look for 'competency variables' which predicted job performance. He did so by comparing people who were successful in their jobs and relating their behaviours to successful outcomes (Spencer *et al.*, 1994). Subsequently, Boyatzis analysed the different models developed to derive a generic model of managerial competency (see

Adams, 1995b for a more complete discussion). In this approach, a **competency** is defined as *'an underlying characteristic of an individual which is causally related to effective or superior performance in a job'* (Boyatzis, 1982). Competencies are therefore expressed as the **behaviours** that an individual needs to demonstrate (see section 3 and Appendix 3 for organisational examples of these). As Woodruffe (1992) argues 'competencies are behavioural repertoires that some people carry out better than others'.

As described by Spencer *et al.* (1994), competencies are motives (*ie* underlying needs or thoughts which drive behaviour), traits (*ie* disposition to behave), self-concept (*ie* attitudes or values), content knowledge (*ie* of facts and procedures) and cognitive and behavioural skills (*ie* reasoning or active listening). This preliminary research work led to the development of the Hay/McBer competency model which is commercially available. The competency model includes twenty competencies often found to predict success in professional and managerial jobs. An example of such competency is given in Spencer *et al.*:

> '***Initiative***: *Taking self-directed or self-motivated initiative to do more than is expected or required in the job, act before being required by events to improve job performance, avoid problems or find and create opportunities.*'

2.2.2 Competence: the occupational standard approach

In the UK, the National Council for Vocational Qualifications (NCVQ) was established in 1986 to introduce a new vocational qualifications system. The UK approach to the concept of competence has, therefore, been associated with the development of Occupational Standards (designed by Industry Lead Bodies which are led by employers) and the system of assessment of units of competence for the National Vocational Qualifications (NVQs). The roles, activities and tasks of many occupational groups (*eg* managerial, administration and clerical) or jobs (*eg* hairdressing) have been defined and combined with the standards required to achieve competent performance. In this approach, **competence** relates to *'the ability to perform activities within an occupation to a prescribed standard'* (Fletcher, 1991) and competences are related to activities in an occupation/job and are expressed as **minimum standards** of competent performance (see also 2.3.2 and Appendix 3 for examples).

An example of the Middle Management Standards produced by the Management Charter Initiative (MCI, 1992) for the role 'Manage information' reads:

> '***Unit of competence***: *Seek, evaluate and organise information for action (9)*
> ***Element of competence:*** *obtain and evaluate information to aid decision making (9.1)*
> ***Performance criteria:*** *information requirements are identified accurately (a); information is sought on all relevant factors affecting current or potential operations (b); information is relevant and collected in time to be of use (c) etc.*'

2.2.3 Definitions in practice

Thus, there is no single theory of competence or competency, but several definitions and approaches. A great deal of confusion still remains and there is much debate about what competencies are and how best to define them (Kandola, 1996). Indeed, there is even no real agreement about spelling the terms. In view of the different approaches, it might be better to use the concept of 'competence' as an umbrella term and refer to 'competencies or behaviours' for the behavioural approach and 'standards or units of competence' for the occupational standard approach. As Dukes (1995) argues: 'we have the odd situation where a term is in universal use, with any number of different definitions'. This debate has, however, implications for further research. If we do not have a recognised definition and theory, how can we meaningfully research competencies and assess them with any validity?

The technical nature of the debate, however, has probably served to confuse rather than help employers and employees. IES experience shows that organisations are pragmatic in their use of the term (Hirsh and Strebler, 1995; Strebler, 1995). Competencies may simply be referred to as 'the skills, knowledge, experience, attributes and behaviours that an individual needs in order to perform a job effectively'. This encompasses the concept of skill, which is itself difficult to define. The emphasis is therefore on organisations themselves defining their use of competencies and communicating this definition to their employees. The common denominator is possibly the use of a list of skills and competencies, known as the competency or competence framework.

Further research into the gender implications of the use of skills and competencies will need to distinguish between the various definitions and establish how these may vary between and within organisations.

2.2.4 Competency frameworks

The competency or competence framework (or list of competencies) is the tool by which competencies are expressed, assessed and measured. The competency framework is seen by many organisations as the best way to provide a common language and develop the future skills required by the business (Strebler and Bevan, 1996). Approaches taken by organisations to develop frameworks vary greatly. Employers may decide:

- To 'buy in' an existing model such as the Hay/McBer competency framework or an occupational standard (see also 2.3.2 and Chapter 3).
- To adapt these existing models to their own needs by 'contextualising' it. This implies replacing competency or unit of competence headings with their own headings, based on their business objectives or values, and/or expressing the contents of competency or units of competence headings in their own language, which are more in tune with their business needs.
- To develop their own competency framework based on their own internal research, often with the help of consultants (see Appendix 3 for examples).

The gender implications of the different frameworks used are likely to be different and it will be important for further research to collect clear information about the approaches taken by organisations to develop their frameworks.

2.3 Gender issues in defining competencies

The questions to be addressed include whether there are gender differences in the type of competencies demonstrated by both men and women; whether different competencies are applied to men and women in the same job; or whether different competencies are applied to men's and women's jobs.

2.3.1 Gender differences

There is a paucity of research which addresses specific gender issues in defining competencies. However, gender differences in management have been widely researched. Gregory (1990) reviewed the research evidence and concluded that:

- Findings will sometimes show that women have lower self-confidence, dominance and need for achievement. However, these findings are based on samples of managerial students and there is usually no difference between male and female managers when education and level in the organisation are controlled for.
- There are no differences between males and females in their motivation to manage, but women managing in a mostly male environment (*ie* in an organisation with only six per cent of female managers) showed a lower motivation to manage and lower self-esteem than male managers. There were no gender differences in an organisation where women represented 19 per cent of managers (Harlan and Weiss, 1982, cited in Gregory 1990).
- Researchers have found that women managers, compared to men managers, have to tread a thin line between not being too masculine or too feminine.
- The numerous studies comparing males and females in their exercise of leadership have found few differences between them.

The research on gender differences, therefore, suggests that we should not expect any significant differences in the competencies possessed by both men and women. Indeed, Cahoon (1991) argues that gender differences may result more from sex stereotypes than from real differences in individual performance. The research on sex stereotyping in management, however, suggests that there may be important differences in the perceived likelihood that women will display the competencies required in their managerial positions.

2.3.2 Managerial sex stereotyping

Schein (1995) compared the findings from six recent international studies on managerial sex role stereotyping shown by managers (in the USA, UK, Germany, China and Spain) and business management students (in the USA). The top 15 items rated as most characteristic of successful managers by men and women were compared across the six samples, and those that were present in all sample lists, or in five out of six, produced an international managerial stereotype. The six samples were further subdivided into a male and a female sample. Figure 2.1 outlines the common items which men and women considered made an effective manager. Schein found few variations in the responses of the different samples, even though managers were surveyed across five different countries. 'Leadership ability', 'ambitious' and 'competitive' were rated by the six male samples and 'leadership ability' and 'competent' by the six female samples, as the characteristics required of a successful middle manager. The remaining items for both males and females figured on five out of six lists. The most noticeable difference is that females included 'self-confidence' in their top characteristics.

When asked about the likelihood of men and women displaying these characteristics, the male samples rated women significantly less likely than men to do so on all dimensions except 'competent'. Similarly, the female samples rated women less likely to do so than men on five characteristics, but women were thought to be more likely to be 'competent' and 'promp't and 'well informed'. Thus even when the comparison was between effective male and effective female managers, men still rated women lower on leadership ability. Schein concluded that managerial sex typing has not changed in the last 15 years.

These findings suggest that even though the same competency framework may be used for men and women managers, in

Figure 2.1 : International managerial sex typing

'An Effective Manager . . .'

Men's View	**Women's View**
Leadership ability	Leadership ability
Ambitious	Competent
Competitive	Skilled in business matters
Desires responsibility	Analytical ability
Skilled in business matters	Self-confident
Competent	Desires responsibility
Analytical ability	Prompt and well informed
Male sample n = 1,278	*Female sample n = 729*

Source: Schein (1995)

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practice the interpretation of competencies is likely to be different. Moreover, everything being equal, men will be perceived to be more likely to display the characteristics of an effective manager. The fact that men rated effective women managers lower than effective men managers on 'leadership ability' has important implications since leadership is a common feature of many competency frameworks for managers.

2.3.3 Leadership

There is some evidence to show that men and women perceive different qualities and behaviours to be associated with leadership. For example, the inclusion of an equal proportion of women into the sample from which leadership criteria are elicited leads to very different attributes emerging (Alimo-Metcalfe, 1995). The descriptors produced by women tend to reflect a 'transformational' leadership style which involves motivating others to achieve organisational goals whereas men operate in a 'transactional' leadership style by giving direction and exerting power by virtue of their formal authority. Alimo-Metcalfe further argues that definitions of empowerment, the central concept of leadership, may implicitly reinforce the masculine version of autonomy and separateness rather than the feminine version of connectedness and interdependence. Consequently the identification of criteria for leadership positions for senior managers may lead to gender-biased criteria for assessment if a masculine view of leadership is adopted, and this is likely to be the case since in many organisations senior managers will be male.

2.3.4 Gender issues in the perception of competence

Research is needed on gender differences related to the use by organisations of occupational standards linked to the NVQ system. A small study of a sample of 90 engineers and administrators was conducted to test gender differences (Matthews, 1994). Findings from this study indicate that lower levels of self-esteem amongst women may be closely related to lower perceptions of own-job competence. If these findings can be replicated, it suggests that the NVQ system, with its competence based performance criteria, could potentially discriminate against those, who through lower self-esteem, rate their job competence more harshly. All things being equal, they may be less likely to take NVQs, and may attempt lower levels of NVQs, as well as take longer to complete them. However, the use of occupational standards and their implications for gender issues need to be considered in the context of national training initiatives.

The research evidence discussed in this section suggests that further research is needed to examine whether the use of competency frameworks by employers increases the probability that women, in particular managers, will be perceived to be less likely to display the competencies required for effective performance and whether women are also likely to have lower perceptions of their own-job competence.

2.4 National training initiatives

National training initiatives such as the General National Vocational Qualifications (GNVQs) and the National Vocational Qualifications (NVQs) have been designed to provide a more vocational-based, and in the case of NVQs, work-based training. They should therefore be of use to employers for:

- recruitment and selection
- providing occupational and work based training
- assessing and measuring the level of training achieved to link to pay.

2.4.1 GNVQs

GNVQs have been piloted since 1992 to provide education and training in broad occupational areas. Rawlinson (1996) has reviewed the system in detail. She states that GNVQs are intended to provide a preparation for employment as well as a route to higher education. GNVQs include mandatory vocational units, core skill units and optional vocational units. GNVQs have been introduced gradually but are proving popular with young people (Robinson, 1996). It is too early to judge the responses of employers but GNVQs should be of help to employers if they are successful in developing the skills and competencies that they require (see section 3.1.2). This may be the case since the core skill units of, amongst others, communication, working with others, improving own learning and performance, and problem solving reflect the competency headings often found in competency frameworks (see also

Appendix 3). There is at present no research available on gender issues in the use of GNVQs.

2.4.2 NVQs

Again, Rawlinson (1996) provides a useful discussion of the system of NVQs. She states that NVQs are qualifications awarded for achievement and ability related specifically to the workplace. NVQs consist of occupational standards derived for a specific job at a specific operational level. There are now 500 NVQs in operation covering 150 occupations applicable to more than 80 per cent of jobs. Most NVQs are available at Levels 1 to 3 and there are a few available at Level 4 (*eg* Accounting, Purchasing, Information Systems) but so far Management is the only Level 5 NVQ available.

A first major review of the first 100 NVQs and SVQs instigated by the government has been completed (Beaumont, 1996). The recommendations of the Beaumont report have generated much debate recently, and have been criticised for their 'softly-softly' approach (*Competency*, 1996). The criticisms most pertinent to our preliminary study concern the 'uncertainty about the consistency and accuracy of assessment' and the fact that standards are 'marred by complex and jargon-ridden language' which means that awarding bodies and assessment centres are often rewriting standards for their local needs (Pickard, 1996). We discuss the extent of take-up of NVQs by employers further in Chapter 3.

2.4.3 Core skills and personal competence

Another criticism voiced about NVQs is the fact that 'being good at a job is not just about ticking off elements in very specific circumstances, but about being able to combine all the elements and be effective in the whole job' (Blagg, cited in Pickard, 1993). There is therefore a need to address competence in a more holistic way. This explains, to a certain extent, why some employers have turned to behavioural competencies (see 3.2.1). There are two existing models linked to national training initiatives which may be of use to employers who do not wish to develop their own frameworks.

Firstly, there is evidence that some employers find the core skills of the GNVQs system (such as tackling problems, thinking logically and co-operating and communicating with others) a useful complement to the basic technical abilities needed for a job. Moreover, addressing these skills makes people more effective at work (Pickard, 1995). Secondly, the Management Charter Initiative (MCI) has also produced a 'Personal Competence' model to be used in conjunction with the Management Standards. We have only anecdotal and conflicting evidence about the usefulness of the personal competence model, based on IES consultancy work. In practice, employers seem to find the model difficult to integrate with the management standards and we know of a few employers who have found the personal competence model easier to use on its own. This has important implications for assessment since the use of the personal competence model by awarding bodies and accredited centres (*ie* centres delivering training and certificates) has been found to be similarly confused and inconsistent (Pedreschi *et al.*, 1994).

2.5 Gender issues in vocational qualifications

Robinson (1996), analysing data from the 1994 Labour Force Survey, noted that a significantly higher proportion of women in employment have been awarded NVQ qualifications (2.1 per cent of women compared with 1.6 per cent of men) and that the gender gap is greatest for older women compared with older men. However, as the distribution of NVQs by occupational groups shows that NVQ qualifications held by women are mainly concentrated in traditional female occupations (*eg* clerical, retail, care, hairdressing), it is arguable whether this can be considered as a real improvement of access to training for women.

Of more significance in terms of gender differences is the increasing research evidence which shows that young men and young women achieve different levels of vocational qualifications (Clarke, 1991; Gibbins, 1994; Felstead, Goodwin and Green, 1995 and Felstead, 1996). This is of concern, as the differences in achieved levels of vocational qualifications between young men and women may potentially lead to poorer pay and promotion prospects for young women.

Gibbins (1994), also analysing data from the 1994 Labour Force Survey, concluded that a significantly lower proportion of young women were qualified to NVQ Level 3 or above than young men, and this was because young women were much less likely to gain vocational qualifications at Level 3. Felstead (1996), analysing the same data by countries, occupational groups and industrial sectors, revealed important differences in the gender gap in the achievement of Level 3 qualifications or above. For example, the gender gap is the greatest in Scotland (9.76 percentage points difference between men and women) and the lowest in Northern Ireland (5.62 percentage points). Whilst women enter 'Craft and Related' and 'Plant and Machinery' in smaller numbers, they also attain proportionately fewer high level vocational qualifications (29.77 percentage points difference for 'Craft and Related'). Even in traditional female occupations such as 'Clerical and Secretarial' and 'Sales', a greater proportion of men than women achieve a higher level of vocational qualification (8.69 percentage points difference for 'Sales' and 3.47 for 'Clerical'). The comparison according to industrial sector also shows that women are less likely to achieve such levels of vocational qualification in the Construction industry (24.95 percentage points difference with men), in Electricity, gas and water supply (22.37 percentage points difference) and in Manufacturing (18.56 percentage points difference). Only in Education and Public Administration are women achieving better (5.98 and 5.87 percentage points respectively higher than men).

Since the gender gap in Northern Ireland seems to be the lowest in the UK, it is significant that a recent study by the EOC for Northern Ireland (Dologhan and O'Brien, 1996, p. 49) concluded that:

- There are 'glass ceiling' blockages operating and women are under-represented at higher levels of attainment: 80 per cent of women are at Level 2 (32 per cent of men), 14 per cent are at Level 3 (47 per cent of men).
- Women choose 'traditional' options, with NVQs in retailing, caring and office administration being the most popular.
- Employers do not in general encourage their staff to undertake NVQs. Those that do so tend to concentrate their efforts on full-time permanent employees. This is likely to disadvantage women, who are more likely to work part time. The majority of part-time workers are at Level 2 (92 per cent) and just one per cent have reached Level 3.

- Awarding bodies lack adequate statistics (*eg* of take up and completion of NVQs) to be fully aware of the impact of the glass ceiling.

The discussions about the impact of national training initiatives show that the gender differences in achieved levels of NVQs are likely to result from a complex interaction between the extent of take up of NVQs by individual employers, the types and levels of NVQs available, and the extent to which women are encouraged to undertake NVQs in the workplace. The working patterns of women and their choice of NVQs will also have an impact on their achieved level of qualifications. The lack of adequate statistics (mentioned by the study in Northern Ireland) suggests that more research is needed to understand fully the impact that these findings may have on the practices of employers in all countries.

Employers who link NVQs to pay and training may disadvantage women if they do not ensure that women have equal access to training, and if they do not monitor the outcomes of pay and training systems linked to NVQs for potential gender differences. Further research should examine whether women are at a disadvantage in practice when employers link their pay systems to the achievement of NVQs.

We discuss organisational practices more fully in the next section.

2.6 Summary

This section has reviewed the gender issues in the traditional definitions of skills and the definitions of the newer concept of competence and competencies. It has also examined the impact of national training initiatives. The evidence discussed suggests that:

- The traditional definitions of skills which are based on the more technical elements of a job may no longer be adequate to cover the full spectrum of the abilities needed to perform a job.
- The concept of competence encompasses two different approaches: in the USA, competencies refer to the behaviours an individual needs to demonstrate their ability to be effective in a job; in the UK, competences relate to the ability to perform activities within an occupation to a prescribed standard.
- In practice, employers often use skills, competences and competencies interchangeably and there is a need to examine

the contents of competency frameworks to ascertain whether these may disadvantage women.

- Related research on sex differences in managerial work seems to indicate that women and men managers do not differ greatly in the competencies they possess. However, sex role stereotyping is pervasive and women are less likely than men to be perceived to display the characteristics of an effective manager.
- The fact that women are consistently rated lower on leadership ability has important implications since leadership is a common competency for managers. Criteria for leadership positions may be gender-biased if the more 'transformational' leadership style of women is not equally valued.
- Recent developments in GNVQs show that they may be of use to employers, as the system of core skill units reflects headings often found on competency frameworks. There is also some evidence that a few employers are beginning to make use of these frameworks independently of the GNVQs qualification.
- Evidence is emerging which shows that young women achieve lower levels of NVQs than young men. This gender gap is more pronounced in Scotland, in Craft and Related occupations and in the Construction and Manufacturing industry.

We have so far discussed the potential impact of the external developments of new approaches to training, and the gender issues in the definitions of skills and competencies. We now turn to how the new business agenda and the internal environment influence individual organisational practices.

3. Organisational Practices

We have reviewed the gender implications of the wider changes in the labour market in the definitions of skills and the newer definitions of competencies and vocational qualification systems. We now need to consider the impact that these newer models have had on organisational practices from a gender perspective. We discuss the following:

- The drivers for introducing skills and competency based approaches.
- The extent to which employers have adopted competencies and NVQs.
- The ways in which organisations have integrated competencies into their payment and training systems.

This section draws on previous IES consultancy work with organisations; existing practices as identified at a forum of twelve organisations; and an analysis of fifteen published case studies of payment and training systems and sixteen published competency frameworks. In the context of the research framework outlined in Chapter 1, we need to examine the transparency and potential fairness of these new systems as these aspects will determine whether skills and competencies are assessed objectively and consistently. This issue is discussed in the next section.

3.1 The new agenda

In order to assess whether newer forms of pay and training based on skills and competencies are likely either to narrow or widen the pay gap, we need to understand what causes organisations to want to introduce them in the first place. We also need to consider whether equal opportunities considerations have any influence on decision-makers.

3.1.1 Business and HR agenda

In order to succeed in a competitive environment, many businesses are seeking to improve business performance and develop the skills they will require in the future. IES work shows that organisations are:

- Moving to flatter organisational structures, more flexible job roles and team working (Kettley, 1995; Bevan, Toye and Frost, 1995).
- Placing a greater emphasis on managers having devolved accountabilities for managing people (Bevan and Hayday, 1994).
- Seeking to define and develop the talent they will require in the future, and encouraging individual ownership of careers (Hirsh and Jackson, 1995 and 1996).

Sustained business performance can only be achieved through management capability. So far, large-scale change programmes run by organisations have failed to deliver the necessary improvements in the performance of managers at the individual level (Boam and Sparrow, 1995). It is not surprising, therefore, that the need to develop skills aligned to the future requirements of the business is the primary reason for introducing skills and competencies (Strebler and Bevan, 1996). This is accompanied by a shift from external training courses to individually targeted training delivered in-house via personal development plans (Strebler and Bevan, 1996; Tamkin, Barber and Hirsh, 1995).

This new HR agenda therefore has shifted the focus from skill acquisition to application of skills and places much emphasis on individual behaviour. Recent IES research on changing skill needs illustrates this shift.

3.1.2 Changing skill needs

An IES research programme on skills is being conducted for the Department for Education and Employment (DfEE) Skill Review Programme. It seeks to examine the changing nature of skills in eight occupational groups. The findings for Sales Assistants (from 21 large retailing organisations) and Secretaries (from 20 large organisations across industrial sectors), both traditionally female occupations, have been published and they provide some useful insights for this study.

Sales assistants increasingly require a new set of skills, which are more congruent with a skilled occupation, to match a changing, more demanding, role (Dench, Kodz, Perryman, 1997). Employers consider it necessary for sales assistants to have an understanding of the business and to possess the personal skills (eg interpersonal and communication) and customer service skills required to recognise customer behaviour. These retailing employers increasingly use competency frameworks rather than NVQs, for both full-time and part-time staff in order to recruit sales assistants with the required personal skills and behaviours.

The secretarial role has also been shown to be expanding and changing (Giles, La Valle, Perryman, 1996). Secretaries are being perceived more as team players and are increasingly required to manage and organise the office environment. This expanding role needs a complex set of skills, such as time management, communication, diplomacy, an understanding of the nature of business, and assertiveness. There is a trend for organisations to adapt their existing competency frameworks to the needs of this occupational group.

3.1.3 The need to change perceptions

These changing skill requirements may be advantageous to women if they serve to value more 'female' skills and if they increase their pay. However, other research suggests that this may not be the case in practice. There is some evidence which shows that women may need to be encouraged to value the skill level of their jobs more highly and that men need to be encouraged to value a wider set of skills, including those that women stress as important. The ESRC-funded Social Change and Economic Life Initiative (SCELI) examined the role of gender in a wide range of employment related topics (Dale, 1996). The SCELI study compared both men and women and explored wider job-related aspects such as responsibilities and the degree of discretion (Horrell, Rubery and Burchell, 1994).

Gender differences highlighted that women working part time are particularly likely to undervalue the skill level of their job and that women, who work either full time or part time, are more likely than men to stress the social skills and interaction with the customer or client which may be essential requirements in service-type occupations. Furthermore, managers put a much lower valuation on social skills and discretion than did the incumbents for seven job categories except middle management (Elliott, Rubery and Wilkinson, cited in Dale, 1996). As Dale (1996) argued, these aspects, if included in job evaluation, would raise the measured levels of women's skill.

Given these changing roles and the need to increase the skill level of jobs, it is not surprising that competencies have become such a prominent feature of organisations. On the whole, these changes are business-driven and equal opportunities considerations do not feature in the new HR agenda but there are signs that this may be changing.

3.1.4 Opportunity 2000

The support by employers for the Opportunity 2000 campaign is growing and by 1993, 293 organisations were members of it (Incomes Data Services [IDS], 1996a). One of its achievements has been to place equal opportunities on the organisational agenda by persuading many member companies to include it on their business plan. Among the other initiatives undertaken by these organisations are some of direct relevance to this study (IDS, 1996b):

- Challenging stereotypes and building confidence: Boots the Chemist, for example, has reviewed its recruitment and promotion procedures and found that by using competence-assessment techniques which focus on skills rather than following stereotyped roles, it has increased the number of women in management positions.
- Changing the company culture: The Biotechnology and Biological Sciences Research Council is running awareness training where the issue of the 'long hours' culture is raised and staff are asked to consider whether it is efficient to work long hours.
- However, a change of attitude might be difficult to achieve in practice, given that a survey of managers' attitudes to work carried out by the Institute of Management revealed that half of the respondents (mostly male senior managers) worked in excess of their official hours and in the evenings and that one in four often or always worked at weekends (IRS, 1996a). Again this has implications for competencies which may often include work commitment and flexibility.

The initiatives taken by employers supporting the Opportunity 2000 campaign illustrate ways in which organisations can create a climate more conducive to the implementation of skills and competencies. However, these represent a very small number of organisations.

The issues highlighted in this section demonstrate that further research will need to take account of the ways in which the new business agenda influences organisational practices. In particular, how the shift to individual performance has helped or hindered women's perceptions of the skill level of their jobs and whether the introduction of initiatives such as Opportunity 2000 has had any impact in changing perceptions.

3.2 Employers' use of skills and competencies

It is useful to measure the extent to which employers are using competencies. On the face of it, this should be a straightforward exercise, but the definitional problems outlined in Chapter 2 make this difficult to achieve in practice. In order to gauge the extent of employers' use, we examine the available survey evidence. Some surveys use a broad definition of competencies and tend to capture behavioural competencies, while others measure the take-up of NVQs.

3.2.1 Use of competencies by employers

Recent surveys on the use of competencies show that they are now a feature of many organisations and are likely to increase in the future (Strebler, 1995; Matthewman, 1995; Industrial Society, 1996). Fifty per cent of the organisations responding to an IES survey conducted in 1994/1995 used competencies. A more recent survey carried out by the Industrial Society (IS) reported that 46 per cent of organisations used them. Since these surveys generated small response rates, it is difficult to generalise from them to assess variations by size, sector and region. The IES survey was skewed towards larger organisations (over 1,000 staff) in the service sector. The IS survey covered all regions including Scotland, Wales and Northern Ireland but did not report variations.

The IES survey provides more detailed information on the occupational coverage of such schemes. Managers and professionals (largely male dominated occupational groups) are more likely to be covered by such schemes than other groups. Over 80 per cent of managers and 67 per cent of professionals in organisations professing to use competence based pay were subject to this pay approach. However, it is also worth noting that around a half of clerical and administrative employees (largely female dominated occupations) in these same organisations were being paid for competence. These data would tend to support the view that competences are often introduced in a top down manner and that any notion of integration with business objectives is primarily at this level.

3.2.2 Take-up of NVQs

Recent work by IES on the take-up of NVQs shows that whilst general awareness about them has grown, their use by employers has only increased from six per cent in 1993 to seven per cent in 1995 (Spilsbury, Moralee and Evans, 1995). This study shows that usage varies by size of employer (47 per cent of organisations with more than 500 employees used NVQs in 1995 compared with only seven per cent with less than 50 employees) and by employer sector (the public sector is more likely to use them). There is no consistent pattern by industrial sectors but some individual sectors have notably low proportions of employers using NVQs (*eg* only 14 per cent of employers in the banking and finance sector use NVQs).

As discussed in Chapter 2, some employers may only want to adopt occupational standards for defining the skills they require internally (see 2.2.4). Spilsbury *et al.* (1995) identified only 20 employers (out of 417 non-users of NVQs) who used occupational standards on their own. Eighteen of these employers had adapted the occupational standards for their own use. Of these, 14 had used the parts which were most relevant, 11 had added their own standards and nine had re-written them in company language.

Although employers have increasing awareness about NVQs, their understanding about them remains low. As Spilsbury *et al.* (1995) conclude: 'it may be necessary to persuade leading employers (many of whom will have competence-based structures in place) to use NVQs despite the fact that there may be no direct advantage accruing to the employer.'

The review of the research available on employers' use of competencies and NVQs suggests that it will be important to distinguish the practices of large service organisations in the private sector from those of organisations in the public sector. However, further research may also need to establish more clearly the patterns of use.

3.3 Case studies: corporate training and payment systems

There are strong business imperatives and internal pressures (eg as a result of reorganisation) for organisations to adopt newer systems. It is necessary, therefore, to understand what these new payment and training systems look like in practice and we turned to published case studies to highlight some of the trends.

We analysed fifteen new corporate training and payment systems which had been reported elsewhere (see Appendix 2 for full details). These were not meant to provide a representative sample but were chosen to cover a range of initiatives in various employer sectors, staff groups and types of new systems. The purpose of this exercise was twofold — to obtain more information about organisational practices and to see whether this could serve as a possible methodology for further research. Although the information provided by these case studies varied in its contents and format, we were nonetheless able to analyse and compare the case studies along several important dimensions. These included the rationale for introducing the systems, the type of systems and contents, and the gender implications of these in the light of the previous discussions. Similarly, we aimed to compare, as far as we were able to do so, the variations in the approach taken by different industrial sectors and for different groups of staff. The results of these analyses were discussed with the organisations attending the IES workshop.

3.3.1 Rationale for introducing new systems

The main reasons cited by all the case study organisations for introducing new systems for managerial and clerical and for skilled manual staff are summarised in Figure 3.1. These can be divided into business needs, the structure of the systems and other pay issues, and the need to change the culture of the organisations.

Business needs, not surprisingly, include a requirement to control the pay bill and to reduce costs for both groups of staff. However, for managers the emphasis is on rewarding individual contribution and facilitating lateral job moves, whereas for skilled manual staff, it is the need for flexibility/teamworking and multi-skilling that prevails. While these reflect the current preoccupation for organisations to become leaner and fitter (see section 3.1), it also suggests that the rationale for introducing

Figure 3.1 : Case studies: training and pay structure

	BUSINESS	STRUCTURE/PAY ISSUES	CULTURE
Managers and Clerical	• Control paybill • Individual and organisational performance • Reward contribution • Facilitate lateral moves • Company-wide standards	• Simplify and overhaul systems • Move to local pay bargaining • Link between pay structures • Consistent pay philosophy	• Manage change
Skilled manual	• Flexibility/teamwork • Multi skilling • Reduce costs • Improve customer service	• Harmonisation of terms and conditions • Single pay structure • Eliminate job evaluation • Unified rates	• Simple and fair to employees • Employees involved

Source: IES, 1997

new systems will differ according to staff groups to accommodate different ways of working (see section 3.1).

Another important aspect is the emphasis on simplifying the pay structure. This can involve the need to link pay structures for managers and clerical staff, and to introduce a single pay structure for industrial staff. Since it is thought that the use of competencies will help change the culture of an organisation, it was interesting to ascertain if the rationale for integrating them with systems was also linked to some aspect of culture change. Few of the case studies reported reasons that could be attributed to this aspect. This may be due to the way case studies have been reported. However, it may be significant in terms of equity and openness that only one case study stressed the need to be fair to employees.

Whilst equal value considerations seem to be important reasons for employers to review their grading structures (IRS, 1996c), the workshop organised for this study illustrated the constraints and dilemmas faced by HR practitioners when designing skill and competency based systems. Despite the fact that the organisations represented were large employers with sophisticated structures and a strong equal opportunities culture, participants commented that:

- It was important that staff with equal opportunities responsibilities were included in the HR team, responsible for designing new systems, at an early stage so that they had a direct input into the decision making processes.
- The threat of legal action was not an important factor. While it did affect internal perceptions of equity, this was not as significant as external market pressure.
- Despite their organisations having strong EO policies, there was pressure from senior management to deliver new systems quickly. This caused problems, since to consult on equity was time-consuming.
- No money was available to rectify some of the anomalies of the grading structure which might only come to light after the changes to the new system had been implemented. The review of the grading structure should therefore be a continuous process.

The evidence evaluated so far indicates that further research should examine in more depth the ways in which the concerns of decision makers for cost control and time savings conflict with the EO agenda. It will also be fruitful to collect examples of best practice amongst HR practitioners in order to make practical recommendations.

3.3.2 Systems and contents

The organisations examined were drawn from both the public and private sectors. The systems reviewed were chosen to reflect current trends in pay structures including those that were linked to organisational objectives, skills and competencies. Full details of the case studies are given in Appendix 2. The case studies linked to objectives are given for comparison. For the purpose of this study, we concentrate on the systems that are either linked to competencies or skills (nine case studies). As all the case studies (except one) in the public sector are linked to objectives, they have been excluded from the summary tables in order to obtain a comparable sample (see full details of case studies in the public sector in Appendix 2). The key aspects of the systems in use in the case studies in the private sector are summarised in Figure 3.2 for managers and clerical staff and in Figure 3.3 for industrial staff in manufacturing.

The most striking aspect is the diversity and complexity of the competency based payment systems (see Figure 3.2). Systems that may be called competency based, performance appraisal, merit pay and performance related pay, all contain an element of competency. This makes comparison across systems difficult. Similarly, workshop participants felt that it was important to communicate the right message but that a suitably simple name which would convey the aim of the system clearly was difficult to find in practice. Another important feature is that competencies rarely seem to be used on their own but rather are combined with other measures such as objectives.

The training systems used for industrial staff appear clearer and their objectives appear easier to communicate than those used for managerial and clerical staff (see Figure 3.3). These systems have identifiable steps for progression, *eg* on the basis of completed training and achieved levels of NVQs.

Figure 3.2 : Details of pay systems: case studies in the service sector

SYSTEM	CRITERIA	ASSESSMENT	LINK
• Objectives • Competencies • Managers	• 20 competencies • Personal objectives linked to business plan	• Appraisal • 5 point ratings	• Progression • Objectives and competencies
• PRP • Managers	• Objectives • Key performance areas	• Appraisal • Development plan • 5 point ratings	• Pay matrix • Ratings/position in salary range • High performance bonus
• Align pay structure • Managers and clerical	• Core objectives/ standards • Minimum skills and competencies	• Appraisal • 5 point ratings	• Good performance • Salary ratings • High performance bonus
• Job ladders • 5 to 7 salary points • All staff	• Knowledge, Skills, Experience (KSE) • 20 managerial/ technical competencies • 8 clerical competencies • Personal objectives	• Appraisal • Development plan	• Equal weight to KSE, competencies and objectives

Source: IES, 1997

3.3.3 Implications for gender issues

If we examine these case studies in terms of ease of communication, clarity and potential gender differences without further in depth analysis, it would seem that there are gender implications in most of these systems.

- Staff suspicion is one of the major disadvantages faced by organisations when they review their pay and grading structures (IRS, 1996c). It is doubtful whether the systems reviewed would score highly on transparency and openness, with the possible exception of the skill or NVQs-based systems.
- Similarly, it is not immediately apparent that the new systems based on a single pay structure have, in practice, achieved the level of simplicity desired. Furthermore, as Armstrong (1996) argues, a single pay structure may be just as liable to equal value problems and gender bias as different grading structures for groups of staff.
- Although the systems based on NVQs may be more transparent, in practice they may discriminate against women. As discussed

Figure 3.3 : Details of training systems: case studies in the manufacturing sector for industrial staff

SYSTEM	CRITERIA	ASSESSMENT	LINK
• Skill based	• 5 levels of skill • Manufacturing area • Individual commitment to new working	• Monthly by team leader • Skill level and generic skills	• Progression by flexible skill training
• Skill matrix	• Level of competence • Skill difficulty	• Bi-annual counselling session • Training needs	• Fully competent • Increments on point awards
• NVQ • Benchmark task profiles	• Stages in training • Multi skilled level = 2 education units + 4 training stages + skill utilisation	• Current competencies • Training contract	• Progression on completion of training • Can develop to Level 3 NVQ
• NVQ • Operatives/craft grades	• Competence to required standard • Qualifications	• Engineering Training Board (EnTra) accredited competence units	• Increment decided by line manager • Progression by Levels 2 and 3

Source: IES, 1997

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in Chapter 2, women are likely to enter 'Craft and Related' and 'Plant and Machinery' in smaller numbers than men, but they are also achieving proportionately lower level of NVQs (eg Level 3 and above) than men in these occupations (see 2.5).

- Some of these systems rely on a large number of competencies being added to other performance measures. It may be difficult to combine these objectively in practice and their assessment may be subject to gender stereotypes (see 2.3.2).

We further discuss the criteria and assessment in the next section and the link with pay and progression in Chapter 5.

This preliminary analysis of published case studies has shown that a more detailed classification of systems according to their purpose (eg performance related, skill based), the groups of staff they are intended for (eg managerial, clerical and industrial) and their criteria for assessment (competencies or skills/NVQs) may be useful to assess potential gender issues in their use. Further research should continue to develop this typology and compare practices across industrial sectors.

3.4 Case studies: competency frameworks

The competence or competency framework appears crucial to the effective functioning of some of these systems and we now examine organisational practices in the use of competencies.

The journal *Competency*, published by Industrial Relations Services, reports regularly on the initiatives taken by organisations to define competencies and to link them to their HR systems. Whilst some organisations are keen to publicise their initiatives, they appear to do so in order to promote their organisational practices and they are, not surprisingly, less interested in discussing definition problems or gender issues. We analysed sixteen published competency frameworks to highlight the practices on offer and to examine possible issues (see Appendix 3 for full details). Again, these were not meant to provide a representative sample but were chosen to cover a range of employer sectors, occupations and staff groups.

3.4.1 Rationale for introducing frameworks

The case study organisations which had introduced a competency framework were different from those which had introduced new training and payment systems. Since the competency framework underpins some of the systems, it proved interesting to compare the reasons cited for their introduction to those discussed earlier (see section 3.3.1).

The themes emerging are summarised in Figure 3.4. The three main concerns in the development of frameworks echoed the new business and HR agenda (see section 3.1). There are some variations of emphasis. Agencies and newly privatised organisations, in particular, wanted to identify the new skills required by the business and to facilitate cultural change. Other organisations stressed potential and development. These contrast with the rationale for introducing new systems which appears to be less concerned with cultural aspects (see Figure 3.1). Again this may simply reflect the ways they have been reported. In IES experience, however, two conflicting trends are apparent. Some organisations adopt competencies in the pay field as a means of linking individual behaviour to business needs. However, other employers are reluctant to link competencies to pay, because they fear that any problems or failures might undermine the advantage they derive from using competencies for training and development.

The most significant aspect is the fact that most organisations believe a framework will provide a common language and structure. This places much pressure on the validity of the framework. Of course such endeavours will be pointless if there is no consideration of how, and whether, such frameworks fit into and integrate with corporate training and payment systems. However, all too often skills and competency frameworks are

Figure 3.4 : Rationale for introducing competencies

BUSINESS	STRUCTURE/PROCESS	CULTURE
• Competitiveness	• Define roles and jobs	• Change behaviour
• New skills	• Performance objectives	• Facilitate change
• Business objectives	• Quality criteria	• Self development
• Improve management performance	• Systematic assessment	
• Common language	• Structure development	• Consistency
• Identify potential		
• Target training		

Source: IES, 1997

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derived independently of the systems they are supposed to underpin. Indeed, remuneration and management development are often two separate units staffed by different HR practitioners.

3.4.2 Development of frameworks

The design of competency frameworks and models is rapidly developing into an industry. There are, however, no useful guidelines for employers and there is a risk that this increased demand may lower standards (Kandola, 1996). IES experience with organisations and the review of the case studies allows us both to identify best practices and to outline potential pitfalls.

- It is clear from the evidence that there are a set of well established methods for developing competency frameworks. In view of the importance of the framework some of the case studies have used multiple methods for doing so (*eg* interviews with job holders, discussions with managers *etc.*) and a number have validated their frameworks by sending a questionnaire to an additional group of job holders. Multiple methods and validation tend to improve the rigour of the process (Strebler, 1995).
- Conversely, other case studies have used a 'top-down' approach starting with small groups of managers. This means that the resulting framework may be predisposed towards the majority or dominant employee groups (Arvey, Passino and Loundsbury, 1977).
- There is a risk of perpetuating historical equal opportunities problems if competency frameworks are developed on existing, rather than 'aspirational', competencies related to future needs, and we could see little evidence of the case studies having addressed this issue.
- Competency frameworks can be complex and may be developed without due consideration to user needs, which makes them unusable in practice. For this reason, it is important to involve job holders and HR specialists (eg training, recruitment) as a few of the case studies have done.

3.4.3 Types of frameworks

This is perhaps the most difficult problem to resolve. Faced with demands from senior management and line managers, HR practitioners have the unenviable task of advising on options. At any one time, there may be a number of competency frameworks in existence which have originated in different business units and for different purposes (*eg* training, recruitment, appraisal). HR practitioners have to reconcile different needs, in particular:

- Organisations adopting a 'top-down' approach tend to link their competency frameworks to their business objectives (Strebler and Bevan, 1996) in the form of core competencies. The case study from BP Oil (see Appendix 3) illustrates this approach. However, these generic frameworks often need to be adapted to local needs and to be integrated with technical/specialist skills. The case study from Barclays Life shows that a final framework may be accompanied by different competency profiles for different roles.
- In IES experience, there is a lack of understanding of the implications of the different models (see 2.2) and much confusion about what they can deliver (in theory at least). For example, employers may need competent employees (in which case they need an approach based on occupational standards and concentrate on outputs) or high performing employees (in which case they need an approach based on the behaviours demonstrated by highly effective performers). The case study from Evans Medical (see Appendix 3) demonstrates that often organisations need to run both approaches in tandem and to integrate them.

3.4.4 Implications for gender

Since frameworks provide a common language, there may be an assumption that they will be fair. Gender issues in the derivation of competency frameworks are only beginning to be addressed (Adams, 1996). The language used to express aspects of competence may reinforce stereotypical views of performance and behaviour (Isaacs, 1981; Fiske and Taylor, 1991). In the light of gender differences highlighted in the previous section (see section 2.3), the contents of the frameworks of the case studies revealed some potential problems:

- Developing a competency framework for senior managers (likely to be males) and using it for middle and junior managers without adapting its contents may lead to a stereotypical view of the role (see 2.3).
- Competency headings such as leadership, personal impact and influence, and self confidence reflect a 'male' view and may be interpreted differently, particularly if the descriptions of the behaviours attached to these headings are not made value free. Our consultancy work suggests that some organisations are concerned that their competency frameworks and the behaviours

attached to their competency headings may not apply equally to both genders (see section 4).

The preliminary analysis of published competency frameworks has shown that the rationale for introducing them (eg changing the culture, developing people) may conflict with the rationale for introducing the corporate training and payment systems which they underpin (eg rewarding people). Further research is needed to examine more fully how the contents of the frameworks and the way they have been developed impact on the functioning of the systems from a gender perspective.

3.5 Summary

The analysis of the case studies, and the discussion of the gender implications in organisational practices, suggest that:

- It is important to consider the impact, if any, of equal opportunities on the new business agenda. It may be useful to target some of the member organisations of the Opportunity 2000 campaign to ascertain whether their initiatives have had any impact on the equal opportunities agenda.
- Evidence unearthed so far seems to point to further research exploring the use of skills, competencies (behavioural approach) and competence (occupational standards/NVQs) by employers across sectors and regions for managerial/ clerical occupations. There is also a need to target more traditional female occupations (*eg* sales in retail, nursing *etc.*), industrial occupations (*eg* machinists) and working patterns (full-time vs. part-time).
- The impact of previous historical HR systems on new systems needs to be investigated further. For example, which elements of the old system have been kept, and which changed, and why? There is a need to assess the impact of the time and costs pressure exerted by senior management and line managers and the way these affect the types of systems produced.
- Different types of training and payment systems are being used in organisations. These can be categorised according to the type of pay structure (appraisal, merit, skill or competency), the assessment criteria used (skill modules, competencies, business and personal objectives) and performance reward (outputs, targets, skill acquisition and competencies). Further research needs to address these different dimensions.
- It would be useful to develop criteria to score systems in terms of differences, ease of communication, clarity and potential gender differences.

- Similarly, issues in the development and use of competency frameworks and their content need to be addressed with the intention of providing guidelines for good practice.

The discussion of organisational practices has so far covered the issues of design and rationale for introduction. The success of these new systems largely depends on the ability of individuals to make them work in practice, as discussed in the next section.

4. Assessment and Measurement

In this section we discuss organisational practices in the assessment and measurement of skills and competencies. Given that most assessment and measurement of individual performance is devolved to line managers, objective and consistent practices are key to the fair operation of the new training and payment systems. We examine the following:

- The impact of organisational practices on the implementation of the systems.
- The ways in which skills and competencies are translated into criteria of job performance.
- The methods used for assessing and measuring individual performance of skills and competencies.

This section draws on IES work including current research on the assessment and measurement of competencies (Strebler, Robinson, Heron, 1997). It also reflects IES consultancy work with organisations wishing to evaluate the effectiveness of competency based approaches. Our review of the literature has also examined the large body of research evidence related to the assessment and measurement of job performance (see Appendix 1). In the context of the research framework outlined in Chapter 1, the assessment stage, as the linchpin between the systems and the outcomes, has an important role to play in the equity of the process. This suggests that it is important to map out the area and highlight gender issues.

4.1 The impact of organisational practices

Recent IES forums on competency and performance pay have highlighted employer concerns about how individual performance on skills and competencies is measured, and the danger of getting it wrong (from both a business need and an equity perspective). Since they provide a common language for consideration of performance, and articulate the behaviours required, skills and competencies may be seen to improve the consistency and fairness of the assessment process. However, is this a mere 'act of faith'?

To assess and measure competencies effectively and fairly, both men and women employees in organisations need:

- to be clear about the purpose for which skills and competencies are being used and to be given time to familiarise themselves with the system
- to be trained and provided with guidelines on how to use, assess and measure skills and competencies in practice
- to know how the outcomes of the assessment and measurement process will be used.

We have no direct evidence that women and men are treated differently at this stage. However, the fact that women have been found to receive a lesser amount of, and less challenging feedback on their performance than men (Corby, 1982) may be a factor in their familiarisation with skills and competencies. Our consultancy work with employers suggests that much of the confusion and suspicion that exists amongst users of new systems based on skills and competencies can be traced back to the way they were implemented, and the support given to individuals, to make these systems work in practice.

4.1.1 Implementing new systems

The ways in which new systems are introduced by employers have a major bearing on whether they will be used successfully in practice. There appears to be several distinct approaches:

- 'Big bang': some employing organisations, in particular newly privatised ones, are introducing performance management systems where skills and competencies are integrated into all HR processes.
- 'Incremental': those organisations that have introduced skill or competency based training and development for example, or have used frameworks successfully for selection and want to link them to pay.
- 'Ad hoc': organisations introducing skills and competency frameworks on a need basis, for a specific group of staff (*eg* managers) and/or to tighten an HR process (*eg* appraisal) with no attempt to link them to reward.

The feedback we have obtained from users of new systems, during our consultancy work with employers, indicates that individual resistance to using competencies may result more from the climate in which they are introduced (*eg* job insecurity and restructuring) than to the type of competency framework used. Individuals are not likely to be motivated to improve their performance if they know their job is at stake. If competencies are introduced incrementally or in an *ad hoc* way, there is time for competency frameworks to become embedded.

Integrating skills and competencies with new payment systems will put much pressure on the validity of the frameworks used. As we discussed in the previous section, there is growing unease about the methods used to develop frameworks, in particular whether the samples are representative and the extent to which the outputs have been validated. If the framework and behaviours are not checked, items may be included which potentially disadvantage women such as 'working long hours' (see 3.1.4 and 3.4).

4.1.2 Support and training

Developing skills and competency frameworks can be a time-consuming and costly activity unless organisations adopt an existing framework (*eg* Hay/McBer or occupational standards). Obviously organisations will want to develop an effective framework. There is a risk, however, that these activities are carried out in isolation without consultation of users, including women, and that the amount of support and training needed will be overlooked. Current IES research shows that:

- Insufficient time and training is provided for individuals to familiarise themselves with the approach. Some organisations provide a training session for managers of half a day when the system has been under development for months, if not years.
- Organisations which adopt the NVQ approach need to train assessors and this requires managers to undergo a lengthy training programme.
- Given the complexity of the systems (see sections 3.3 and 3.4) the guidelines provided are often lengthy and technical. The need to produce user-friendly guidelines and on-line support from designers of systems is one of the most often cited requirements.

Whilst these problems apply to both sexes and to HR systems in general, it is difficult to imagine how these newer systems can be more objective and consistent than those they replace if no attention is paid to the additional amount of training and support that individuals need to apply them effectively. Furthermore, if organisations do not train the recipients of new systems, it could potentially disadvantage women who are likely to be dependent on male managers for coaching and support.

Further research should ascertain whether the ways in which organisations choose to implement new competency frameworks may potentially disadvantage women, whether women have the same access to training and support as men, and whether these aspects of implementation have any impact on the perceived equity of the system.

4.2 Translating into individual performance criteria

It appears that it is left to the interpretation and judgement of individual line managers to put skills and competencies into practice. Line managers, therefore, need to be equipped to make this approach work. For example, before they can assess skills and competencies, line managers often have to adapt them to their local context. As discussed below, this could lead to potential biases against women.

4.2.1 Linking with business objectives

Managers will need to relate skill and competency needs to their department (or unit) objectives. In doing so they will be most concerned about their department or unit's performance. They also have to understand how skills and competencies contribute to individual objectives both now and in the future. Skill and competence requirements will need to be cascaded according to hierarchy and job roles. Gender bias may creep in when similar competency headings have to be adapted to reflect the demands of different roles. As shown in Figure 4.1, the ability to use information and to learn may be interpreted differently according to role levels. While differences in interpretation will undoubtedly reflect legitimate differences in roles, it is interesting to note that for secretaries, who are likely to be women, this competency heading is interpreted as job enrichment. This issue may be particularly relevant for organisations moving to a single pay structure for managers and clerical staff, as shown in some of the case studies (see section 3.3 and Appendix 2).

Figure 4.1 : Gender issues in cascading down future competencies according to roles

Executives

change leadership: to communicate a compelling vision of the firm's strategy; to act as sponsors of innovation and entrepreneurship . . .

relationship management: to establish relationships with and influence complex networks of others . . .

Managers

empowering: by sharing information, fostering employee development, delegating and providing coaching feedback . . .

Employees

information seeking, motivation and ability to learn: genuine enthusiasm for learning, eg the secretary who, when asked to learn to use a spreadsheet program, welcomes this request as job enrichment rather than additional burden . . .

Source: Adapted from Mitrani, Dalziel, and Fitt (1992)

4.2.2 Role and competency profiling

In many organisations, it is now left to individual line managers to define the roles which are required to deliver their departmental objectives. In this case, a skill and competency framework with generic headings, accompanied by levels of performance from basic to more complex role demands might be used (*eg* from understanding simple instructions to analysing complex information). Line managers have the task to match, for each of their direct reports, the role requirements of the posts with the level of performance that is required to perform them for each competency. Anecdotal evidence from discussions with participants in IES forums reveals that biases can occur in this matching process which are more related to the needs to control costs than to the competency framework or the job requirements.

For example, a line manager may, wittingly or unwittingly, set the target level of competency performance too high compared to actual job requirements (thus controlling the element of pay contingent on individual performance) or too low (thus controlling the base salary by placing people on lower salary bands). We have no evidence of the extent to which this happens in practice but this could potentially disadvantage women when broad bands are used, if technical skills are given a higher value than social skills, and craft and clerical groups are placed in the same band (see sections 2.1 and 3.1.3).

The risk in relation to competency based pay approaches is that as the behavioural criteria themselves are not clear, they may give rise to inaccurate performance criteria which in turn may be influenced (unintentionally) by stereotypes of male and female behaviours. Leadership is a common heading in most of the case studies of competency frameworks (see section 3.4 and Appendix 3). We discussed the stereotyping of leadership and the fact that women are less likely to be perceived to display this characteristic earlier (see section 2.3.3). Figure 4.2 demonstrates that gender differences may also occur in the interpretation of leadership. When asked to describe the job aspects which make a housing manager effective at leadership, male respondents tended to give more 'doing' characteristics and female respondents more 'being' characteristics for each job aspect (Sparrow and Rigg, 1993). The fact that these gender differences occur for job aspects which are perhaps more reminiscent of activities and tasks indicates that the use of occupational standards (based on job activities) may not be exempt from such biases. Thus, different expectations and interpretations may lead, explicitly or implicitly, to differently challenging competency or competence profiles for men and women.

4.2.3 Standards of performance

One study (Strebler and Bevan, 1996) asked organisations which used competencies to state whether they agreed with the statement that managers share a common view of standards of assessment. Most respondents across a range of sectors disagreed with this statement. The small number of organisations which used the Management Charter Initiative (MCI) (*ie* the occupational standard for management) were the most dissatisfied. There may be several reasons for this, such as the small size of the sample or the fact that organisations using the MCI framework are more aware of the need for objective assessment and therefore more dissatisfied if they do not achieve it.

Figure 4.2 : Gender differences in definition of leadership

Job Aspects	Female	Male
Priorities	Team management	Vision
Working style	People-oriented	Political
Decision making	Not snap decisions	Quick
Relations with team	Sensitive/care	Supports/defends
Relations with clients	Empathy	Pressure groups

Source: Sparrow and Rigg (1993) Housing Managers

However, this is perhaps not surprising since performance criteria are, in practice, expressed in different ways which reflect different aspects of performance. For example, criteria can be expressed as:

- levels of job demand (from basic to complex)
- levels of individual performance (from unacceptable to excellent)
- a series of statements forming the 'range statements' for the occupational standards which describe the type of activities or tasks where competent performance needs to be demonstrated
- behavioural indicators (either a series of behavioural statements or behavioural pen pictures) again ranging from effective or superior, to ineffective or negative.

In practice, line managers will be required to adapt these performance criteria to all the jobs and to each individual in their department. Most of the decisions they have to make will be based on their ability to understand the criteria and their judgement of individual performance. There is no recommended best practice, and considerable confusion.

The case study organisations we examined previously show that there is overlap between these different criteria (see 3.3 and 3.4 and Appendices 2 and 3). For example, the organisations which combine achieved levels of NVQs with effective job performance, require their managers to judge whether an individual has the competence to perform the tasks required and whether he or she does so effectively. Similarly, organisations which define criteria as levels of job demands, require line managers not only to decide the level of each skill and competency required for the job an individual performs, but also whether he or she is effective in performing these at the level required. For example, not only whether an individual has the ability to act on simple instructions but also whether he or she does so effectively most of the time.

4.2.4 Weighting

Line managers also need much guidance about the weighting of competencies. Decisions they have to make include:

- the number and type of skills and competencies relevant to the role
- the skills and competencies that are the most critical to perform effectively

- **whether an individual needs to demonstrate evidence for all behavioural statements**
- how to combine core competencies with specialist and technical competencies.

We have no evidence to suggest that gender bias is occurring in the process. However, this could happen if there are differences between men and women in the number and type of competencies required for particular jobs, and in the extent of the evidence they are required to demonstrate for effective performance.

Clearly the process of translating skills and competencies into individual performance criteria is complex and liable to gender bias. Many employers had devolved the process to individual line managers. Research is needed to examine whether, given the same competency framework, women have different competency profiles attached to their roles, and are assigned a more challenging or less challenging target level of competency performance than men.

4.3 Assessing competencies

Despite the existence of more sophisticated assessment methods, many organisations still rely on appraisal or individual development discussions to assess competency needs and performance (Strebler and Bevan, 1996). A great deal has been written about the process of performance appraisal and organisations are well aware of the pitfalls. We discuss assessment in the context of skills and competencies separately from measurement, although in practice these two processes may overlap.

4.3.1 Preparation for assessment

The effectiveness of the preparation stage depends on the clarity with which competencies have been translated and integrated into individual objectives. It also depends on whether individuals have jointly agreed the initial level of competency performance with their managers, and how familiar they are with the process.

Research has shown that in practice some users are not confident in their ability to assess competencies (Strebler and Bevan, 1996). This perception results partly from the difficulty in agreeing the evidence that needs to be collected. Managers reported that most employees do not know how much evidence to collect and noted the need to coach their staff in what makes for good evidence.

Assessor training for the 'competence standard' approach provides comprehensive guidelines which may be useful for line managers, in the preparation of a portfolio for example. However, portfolios are retrospective and tend to concentrate on achieved competence rather than on the potential to achieve future competence. They may also not be representative of typical performance (Lavelle, 1995).

4.3.2 Assessment methods

Successful assessment mainly depends on the ability of line managers to assess individual competency performance during the appraisal process. However, assessing performance is generally recognised to be fraught with difficulties.

There is much research evidence which shows that the biases of managers influence their judgement of performance. For example:

- Women find the process of the interview significantly more difficult than men in respect (amongst others) of talking freely 'about what they wanted to discuss' and 'identifying their areas of strength' (Alimo-Metcalfe, 1991).
- Men have more challenging objectives than women (Alimo-Metcalfe, 1991).
- The expectations of, and attributions made by, line managers of 'successful' performance are differentially challenging (Heilman and Guzzo, 1978; Arnold and Mackenzie Davey, 1992).
- Work by Pazy (1992) suggests, however, that managers who have greater exposure to women in higher status jobs, performing competently, are significantly less prone to evaluation bias towards men. This suggests it is beneficial for training assessors to be aware of the sources of bias in such judgements.

4.3.3 Assessment centres

There are a number of assessment methods that are generally recognised to provide 'objective and standardised measures of behaviours' which can be used to assess competencies more objectively (Smith and Robertson, 1992). Whilst it is not always practicable for organisations to use these methods for all their competency assessments, there is much that can be learned from the use of behavioural competencies in assessment centres, since this method is generally recognised to provide one of the most valid assessment methods.

Competencies are used to design assessment exercises which will assess relevant aspects of performance (*eg* in-tray exercises designed to simulate the ability of managers to prioritise incoming work, or in presentations) and are supported by behavioural ratings or checklists to assess level of performance. But as Alimo-Metcalfe (1995) argues, assessment centres, which are mostly used for managerial assessment, are not exempt from biases; the exercises used to assess performance are likely to have been developed with male rather than female samples of job holders, and male assessors are also more likely to operate them. Relevant findings show that:

- A limited number of competencies (six or seven) is recommended for selection purposes as these represent the key components of the job and are the optimum number that assessors can manage in practice (Bethell-Fox, 1992).
- There is a risk that competency frameworks derived internally may be unclear, and that assessors may find it difficult to decide which particular competency should be credited with which particular piece of behaviour (Woodruffe, 1992).
- Assessors are better at assessing the level of performance on the whole exercise, rather than on the basis of individual competencies (Gratton and Pearson, 1994).

4.3.4 Self assessment

Self assessment helps individuals to become familiar with the language of skills and competencies and can be useful to highlight differing perceptions of performance. It is therefore encouraged by some organisations. However, when a competency framework is first introduced, managers mention the fact that individuals can hold 'inflated' or 'deflated' views of their competency performance (Strebler and Bevan, 1996).

Research about the accuracy of self assessment of competencies is scarce but self-appraisals have been shown to be more lenient than judgements from other sources. However, self-appraisals may provide a good source of information about the level of motivation of an appraisee (Landy and Farr, 1987).

Our consultancy work shows that women seem to be more realistic than men in assessing their level of performance. Of course, this could also mean that women are less confident and/or more severe in their judgement of performance. Research on upward feedback (*ie* subordinate ratings of the performance of their managers) shows that the agreement between subordinate and self-ratings in upward feedback was higher for female than male managers (London and Wohlers, 1991). It would seem that women are not only more realistic, but also more accurate, in the judgements of their own performance.

However, differences in perceptions may be due to other factors such as the level of experience in a job. Discrepancies between self-ratings and the ratings of managers have been shown to vary substantially between competency areas for graduates (Arnold and Mackenzie Davey, 1992). Both male and female graduates tended to attribute their success to the competencies they possessed, and their managers to effort and luck. This was most marked for interpersonal skills. This may suggest that some individuals may be better than their managers at discriminating between competencies, or that managers are better at seeing performance in the context of the whole job performance, *ie* by looking at outputs.

Performance appraisal remains the main method for the assessment of performance and the findings discussed demonstrate that the process is subject to gender bias and stereotypes. More objective methods such as assessment centres have also shown that individual competencies are difficult to assess reliably. More research should be conducted with competency based appraisal systems to identify whether the use of competencies either mediates or reinforces the gender bias found with the more traditional method of appraisal, and whether women are more accurate than men in the assessment of their own competency performance.

4.4 Measuring competencies

Bearing in mind all the problems with assessing them, can we measure individual competencies accurately and consistently? Our consultancy work and discussions with users indicate that this is perceived to be the most problematic area. We see many organisations experimenting with a variety of rating systems without considering:

- whether the performance criteria are expressed in such a way that users feel they can apply them consistently
- which rating system is the most suitable and reliable.

4.4.1 Rating skills and competencies

The need to rate competencies comes to the fore when organisations have introduced competency based performance management and reward. It is not surprising that organisations are trying out different rating systems. The type used will depend on the level of sophistication, and experience, of users. They may include numeric or graphical scales (*eg* 1,2,3 — A,B,C), behavioural anchored ratings (BARS) (*eg* sets of behaviours demonstrating performance for each rating) or a combination of both.

There is a great deal of research available on the reliability and validity of rating scales (Landy and Farr, 1987). Although it is to some extent equivocal, evidence shows that:

- The most efficient number of response categories is between five to nine; reliability drops with three categories or less and with 11 categories or more. (Most of the case studies are using five points.)
- The rating dimensions may be 'competency labels' (or traits) but the definitions and scale anchors (*eg* similar to BARS above) need to be task and behaviour oriented.
- Performance criteria should be a combination of quantity, quality and timeliness (Carlyle and Ellison, 1987).
- Most of tne variance in ratings is due to the limitation of raters to process information. Raters should therefore be asked to make their expectations and judgements of performance explicit to themselves and to their ratees (Carroll and Schneier, 1987).
- Assessor training, for example in behavioural event interviewing or for assessing in assessment centres, not surprisingly improves assessment (Arkin, 1991).
- Rater training which combines various aspects such as rating errors, provision of examples of expert raters, and behavioural observation training can increase rating accuracy (Woehr and Huffcutt, 1994).

4.4.2 Multiple rating sources

Given that the measurement of competency performance is so reliant on individual line managers, it may be useful to consider other sources of ratings such as ratings of performance by peers. Research shows that peer assessment can be reliable and valid but that the purpose of assessment is the major factor influencing usefulness and acceptance (Landy and Farr, 1987). This suggests that peer assessment may be more acceptable when competencies are linked to development rather than to performance management and reward. This may be the case for self assessment also (see section 4.3.4). When the performance of competencies is linked to reward, it may be more appropriate to use feedback by the manager of the line manager making the assessment, as is traditionally used in performance appraisal.

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4.4.3 Integrating with job performance

The assessment of competencies may only be one aspect (albeit important) of job performance. This assessment will also need to be integrated with other measures of job performance such as:

- Inputs: *ie* what the job holder needs to be able to do the job (skills, knowledge and experience).
- Process: *ie* how the job holder needs to perform the job (attributes and motivation).
- Outputs: ie what the job holder needs to produce (standards, outcomes and targets).

Our experience shows that the importance of each of these varies between and within organisations according to function, type of job and business and individual priorities. As discussed previously, some approaches to skills and competencies may be more related to one aspect (see Chapter 2). The case studies in section 3.3 (see also Appendix 2 demonstrated that most systems combine all these aspects of performance, to arrive at an overall level of individual job performance. Some of the uncertainties about the usefulness of competencies may result from the fact that managers may be reluctant to move away from hard targets, and/or are unsure how skills and competencies contribute to delivering objectives. The implications of these aspects for pay and training outcomes are further discussed in the next chapter.

There has been much research conducted on the measurement of performance. However, efforts have been concentrated on the more technical aspects of rating scales rather than on the validity and on the accuracy of the measurement of competency performance. Further research is needed to examine whether and how the gender bias occurring in the assessment process highlighted previously may result in different ratings of competency performance for men and women.

4.5 Summary

There is a clear danger — supported by a growing body of research — that specific groups (particularly women) in the workplace will have their performance judged differentially from others against skills and competencies. The review of the research evidence, and feedback from users, discussed in this section have highlighted a number of gaps in the research evidence directly related to gender issues in the assessment and measurement of skills and competencies. In particular:

- The climate in which skills and competencies are being introduced and the amount of training and support given, clearly has an important impact on assessment of performance. We need to examine which practices are effective and whether these differ between women and men.
- The effectiveness of the different performance criteria related to different competency models needs to be examined.
- The practice of asking line managers to decide which competency level is applicable to individual jobs should be investigated for potential bias in the choice of levels and the extent to which they relate to individual performance.
- Most of the gaps in the research concern differences between men and women in the performance of skills and competency headings, and differences in measurement.
- The fact that assessors, as shown by research on the measurement of competencies in assessment centres, find it easier to measure performance on tasks rather than on individual competencies, suggests a need to compare employers using occupational standards (based on tasks) with those using behaviours.
- The use of self assessment and multiple sources of ratings could be explored further. This would be with a view to developing guidelines to supplement assessment by line managers.

Given all the pitfalls in assessing and measuring job performance, it has yet to be proven that skills and competencies can be assessed consistently and objectively, and therefore result in fair pay and training outcomes.

5. Competency Based Pay and Training

To be equitable, the new competency based payment and training systems should reward both men and women according to their respective contribution, and should allow for consistent decisions to be made about pay and training outcomes. The previous section has highlighted the gender issues in the assessment and measurement. We now turn to:

- the ways skills and competencies are linked to pay and training in practice
- the gender issues in translating individual performance into pay outcomes
- the gender issues in access to training, promotion and career advancement as a means to enhance pay.

This section draws on earlier research on the gendered nature of pay systems and the limited evidence available on the potential issues arising from the translation of the assessment and measurement of skills and competencies into pay and training outcomes. In the context of the research framework outlined in Section 1, it represents the last stage during which gender inequalities may occur as a result of the use of competency based pay and training systems by employers. Thus, it is possibly the most important in terms of perceived equity.

5.1 Use of competency based pay

We have already discussed the new business agenda which is driving employers to review their practices and introduce new payment systems (see 3.1). Some examples of the recent developments in payment systems were also outlined (see 3.3). We restate some of the contextual factors that are encouraging organisations to introduce competencies as a means of determining pay, examine the extent to which organisations are actually using such systems, and suggest how this development might influence research on gender implications. We also address the issue of the changing nature and level of pay determination, which has a number of implications for research approaches.

5.1.1 Context factors

The interest in competency based pay schemes has been growing primarily as a result of the pace and nature of change experienced by organisations in the last few years. As noted in Chapter 3, many organisations have been moving towards flatter management structures and adopting major change programmes and new ways of working. As a result they have come to question the value of traditional vertical career paths with their stepped pay and grading structures. Competency based pay (CBP) is seen as offering an opportunity to underpin and develop new career paths, thereby enabling organisations to be more explicit about the criteria which are seen as important for career progression. It is also claimed that CBP motivates employees to perform at higher levels because of the financial awards which are associated with higher levels of competence.

5.1.2 Use of competency based pay

Although organisational changes are encouraging more employers to consider introducing CBP systems, in practice few have done so at present. There is little evidence to suggest widespread use of competencies to determine base pay structures (Thompson, 1995, Hay/CBI, 1995). Traditional job evaluation approaches are still common with just a few examples of so-called competency pay structures being used (*ie* National and Provincial Building Society, Abbey National). The Hay/CBI survey (1995) found that the interest in competency based pay approaches was sectorally skewed (confirming the earlier IES survey) with financial and public sector organisations the most likely to want to introduce such pay forms. However, as employers are becoming more confident in their use of competency frameworks, an increasing number of organisations are indicating that they want to link competencies to pay (Adams, 1995a). As we noted with the definitions of competencies, there is also much confusion about what is meant by competency based pay in practice (see 5.2).

5.1.3 Rationale and process issues

The rationale cited by the case study organisations for introducing these systems showed that they wished to achieve flatter organisational structures and control paybill costs (see 3.3.1). Similarly, the workshop organised for this study illustrated that organisations have different rationales for introducing CBP systems. Business pressures, when combined with specific organisational circumstances (*eg* types of employees, historical pay structures, trust levels, profitability *etc.*) all serve to influence the choice of CBP system and the process of introducing this system.

There is a large body of research evidence to show the importance of process factors (*eg* employee involvement, consultation and communication) in shaping effective pay systems that will meet both organisational and employee needs, including equity and fair treatment (Bowey and Thorpe 1986; Lawler 1990). We stated in Chapter 1 that the transparency of systems is an important aspect of the perceived equity of the reward systems (see 1.3). Thus, the involvement of employees and their representatives early in the design of new pay approaches, and a clear communication of the objectives of the schemes, as well as provision of adequate support systems to facilitate the movement towards the new ways of paying workers, are all seen as important process decisions affecting equity outcomes. However, the approaches taken by some organisations to introduce and implement new systems, particularly when skills and competencies are introduced as a 'big bang' and integrated into all aspects of performance management, may not allow enough time to develop a climate conducive to the success of such schemes (see 3.3.1 and 4.1.1).

The implication of this for any future research on the gender issues associated with CBP systems is that it is important to consider and understand the role of process dimensions in the design and operation of such schemes.

5.1.4 Pay determination

A key element in the new forms of pay being adopted by a growing number of organisations is the delegation of pay decisions to line managers. The structures and processes of pay determination have become increasingly fragmented and devolved over the last decade at national, industry and organisational levels. Organisations want managers to take responsibility for the training, development and pay of their subordinates which means that these managers are becoming more centrally involved in the pay determination process.

Delegation to line managers does present a number of risks to the functioning of an equitable pay structure. For example, in the context of performance-related pay, the increased importance of management discretion in appraisal is likely to disadvantage women (Rubery, 1995). Similarly, unguided decision-making or the poor specification of criteria for assessment purposes can lead to potential discriminatory pay outcomes (Bevan and Thompson, 1992).

There is also evidence to show that within narrowly defined occupations and jobs, most of the unexplained difference in total pay between men and women was due to gender differences in the portion of pay that was contingent on job performance (Chauvin and Ash, 1994). Pay decisions where more stringent guidelines operate should allow consistent decisions to be made about reward levels and individual rates of pay (see 1.3).

Research on the gender aspects of CBP in practice needs to take account of the differing structural characteristics influencing individualised pay determination and should seek to build these into sampling structures and research hypotheses.

5.2 Relating competency to pay

Any proposed research into the links between competencies and pay needs to begin by developing a more thorough understanding of the meaning of competency based pay. In this context, skills and competencies may be used by organisations in several ways that could make a significant contribution to the maintenance of the pay gap:

- as a way to place individuals in job grades or broad bands and thus determine base pay on entry
- as a way to increase base pay by moving through the pay structure via skill proficiency training, or the development of new competencies

- as a way to increase the variable element of pay contingent upon individual performance.

Armstrong (1996) has produced the most extensive review of approaches to competency-related pay. He discusses two ways in which competency-related pay functions: firstly, as a method of job evaluation and, secondly, by relating pay progression to skills and/or competencies (Chapter 19).

It is likely, in our judgement, that contextual, process and scheme design characteristics will all play an important part in shaping any research strategy for examining the operation of CBP systems (see above). Hence, we need to have some notion of the range and type of pay schemes that may fall under the banner of competency based pay.

A useful starting point is to attempt a broad categorisation of CBP systems. Three broad models of CBP systems might be delineated:

1. Competency linked base pay systems
2. Competency and skill linked progression
3. Competency linked merit pay schemes.

5.2.1 Competency linked base pay systems

The model underlying this approach is that reward systems should take more account of the individuals who occupy jobs than is the case in the job profile itself (Lawler, 1994). Thus, there is a belief that effective performance in a role is as much to do with the competencies of the individual holding that role as it is with the job requirements. This being the case, there is then a need to develop a means of measuring and assessing individual competence in a 'role'. Thus the idea is to develop general structures in which individuals' levels of competence can be differentiated and rewarded. The emphasis in these types of reward systems is placed more directly on assessments of individuals in jobs rather than on the job requirements themselves.

Competency based pay systems that are linked to determining base pay structures generally run alongside formal or organisation own-job evaluation systems. As Armstrong (1996) pointed out, two of the approaches used are similar to traditional job evaluation (point-factor and role classification competency-related job evaluation) but competency headings from frameworks are used as factors or as grade definitions. These approaches usually accompany a broad-banded pay structure or job family. In practice, organisations can choose to:

- adapt an existing conventional job evaluation scheme to an existing competency framework
- adapt an existing competency framework to create a factor plan
- develop a completely new system based on a new competency framework.

Although slightly different in their operation, all of these approaches share some common features. They use core or generic competences to inform the headings in the factor plan (*ie* leading team, managing processes, initiative problem solving). In practice many employers utilising this approach retain their formal or self-designed job evaluation scheme for the purposes of ensuring the system is defensible and providing a link to external market rates of pay.

The third approach is not based on a job evaluation scheme but broadly follows generic roles. For example, some of the case studies examined earlier had introduced their new systems in order to eliminate job evaluation (see Figure 3.1 and Appendix 2). Competencies (either generic or specific) can be used to make role descriptions more dynamic and include expected levels of performance and competence that shift with organisational requirements. Competencies are becoming more important in influencing pay structures because they provide an opportunity to reflect business priorities and move away from the more static view of job evaluation based pay structures.

However, the risk of gender discrimination associated with traditional job evaluation schemes (Quinn, 1994) is as likely, if not more likely, to be associated with competence linked base pay structures which place more emphasis on individual or group (*ie* male/female) characteristics. Conventional job evaluation systems such as the Hay system have been criticised because the content of female work is more likely to be treated as unskilled and less responsible compared to male work (Steinberg, 1992). The three sub-factors where this gendered division is greatest were shown to be: human relations know-how, freedom to act, and technical know-how. As discussed in 3.1, employers and women themselves emphasise the needs for social and personal skills. Linking competencies to job evaluation should, therefore, increase the importance of the human relations know-how and (in theory at least) be advantageous to women.

However, this may not be the case in practice since managers were shown to put a lower valuation on social skills (see 3.1.3). It has also been argued elsewhere, in defence of the Hay system, that the problem does not reside with its methodology but with the interpretation of the factors used by organisations (Barker and Pritchard, 1993). Although conventional job evaluation schemes have been criticised, as Hastings and Dixon (1995) have pointed out all systems have a generally recognised spectrum of factors and various scoring arrangements. The framework that underpins them is more transparent and easier to understand. It has yet to be proven that competency frameworks can operate in the same way (see also 3.4.2).

Our review of the literature suggests that there are no studies that have looked at the Equal Opportunities aspects of competency based job evaluation schemes in practice. Clearly there is a research need in this area.

5.2.2 Competency and skill-linked progression

Competency based pay links progression within the band to individual performance of competencies. The skills-based pay approach links progression to the acquisition of skill-modules which are often sanctioned by internal or external NVQ accreditation. Confusion often arises between the two approaches. This is most likely due to the fact that some employers link skill acquisition with individual performance, *ie* combine skill acquisition with level of competence (Armstrong, 1996). Some of the case studies examined illustrated this trend (see 3.3 and Appendix 2).

Pure examples of competency based pay are extremely rare in the UK. An IDS study (1996b, p2) recently concluded that 'CBP seeks to establish a 'clear line of sight' between an improvement in demonstrated on-the-job behaviours and increased salary'. Using this definition only one out of eight case studies (Volkswagen) could be said to have 'pure' CBP.

On the other hand, skills-based pay (SBP) systems are better known but are still not widely used in the UK. A survey (IRS, 1996b) points to between three and five per cent of employees being covered by such schemes and to these being concentrated in the manufacturing sector, covering mainly operative and technical jobs (predominantly male occupations).

As shown by some of the case studies we reviewed earlier (see 3.3 and Appendix 2), skills-based pay systems link pay progression to the kind, number and depth of skills which employees develop and use. Like competency based pay systems the emphasis is on the individual, not the job, and the logic of SBP is that it is pay for the skills individuals are capable of using and not the job they are currently doing at the time. Most skill based pay schemes are based on the idea of skill blocks or modules which the individual employee needs to attain before moving through the grading structure. For example, the acquisition of three skill blocks might move an operator from level I to level II, but five skill blocks are required to move from level II to level III.

Although some of the case studies reviewed had introduced skills based systems linked to NVQs, we have patchy evidence that organisations are linking NVQs to pay. For example, IES research shows that, by gaining an NVQ, one out of six employees progresses into a higher grade or position, and one out of four will receive a pay rise (Spilsbury, Moralee, Evans, 1995). Indeed, for most of the case studies using NVQs, progression was linked to achieved levels of NVQs but the link to pay was less clear. For example, in one organisation whether an individual received increments was still decided by line managers (see Figure 3.3 and Appendix 2). Our consultancy work seems to suggest that employers are including NVQs as part of their training programmes, and that a few organisations are considering integrating them into a skills based pay system. They are doing so typically for lower level skills (at NVQ levels 1 and 2) and employers are keen to link pay with NVQs as a way of simplifying their existing pay structures by making pay progression more dependent on skill acquisition and deployment.

The important underlying process for the successful operation of SBP is an effective training capacity, as an individual's progression is entirely based upon their access to, and successful completion of training modules. Such pay schemes can potentially build in paybill inflation pressures, since the organisation may be paying for the acquisition of skills it never succeeds in using. This may partly explain the reluctance of employers to expand their use.

The scope for gender bias in these types of pay scheme has not been investigated. Such bias is perhaps more likely to originate in the employee coverage of such schemes, with traditionally female dominated areas such as secretarial and administration not being subject to SBP, rather than in the process of skill acquisition itself. As noted previously, the fact that women were shown to achieve lower levels of NVQs than men should be of concern to organisations using this system of qualifications for progression.

The gender implications of employers' use of occupational standards and achieved level of NVQs to influence the development of pay structures need to be more fully considered in the light of differential levels of achieved NVQs.

5.2.3 Competency linked merit pay schemes

With these constraints in mind (see 5.2.2) more employers have introduced the idea of paying for skills (or competencies) employees actually use. Appraisal schemes (*ie* merit pay) are used to assess the deployment of individual skills and reward people. A third way in which employers are integrating competencies into pay determination is through the appraisal process which underpins merit pay systems. According to a recent IDS study (1996b), this may be the most common approach adopted by employers who profess to be using competency based pay. Similarly, workshops run by IES on merit based CBP systems confirm survey evidence (Thompson 1995), that the main form of CBP system operated in the UK is the revamped merit pay scheme.

In this approach, organisations are adapting the criteria used to make individual assessments in order to incorporate either generic or specific competencies. Instead of either output based measures, or wholly subjective assessments, organisations have looked towards competencies as a means of refining their assessment criteria or communicating organisational objectives (*ie* team working, management style, managing change).

Under these systems, employers are essentially modifying the assessment criteria used to determine ratings of individual performance (*eg* Excellent, Good, Poor; 1,2,3,4; A, B, C, D *etc.*).

These ratings are then used to determine individual pay progression.

In some of these systems the whole of an individual's performance may be assessed using a competency framework (or guide). But in others the competencies may form a part of the overall assessment of individual performance (*eg* one-third or a half) and be mixed with output measures (sales achieved, enquiries dealt with).

5.2.4 Gender bias and merit pay

This leads us back to prior research conducted by IES for the EOC which looked at the potential for merit pay schemes to operate in a gender biased way (Bevan and Thompson, 1992).

This study used qualitative and quantitative techniques to show how bias could enter the pay determination process at various stages. Payroll data demonstrated how bias in assessment process and different salary allocation methods could lead to different pay outcomes for men and women given the same appraisal rating.

The research model used in the previous EOC funded study provides a basis for building a robust research strategy for work on competency based pay systems. This study revealed the importance of scheme design factors and organisational context features in the operation of bias. It found that matrix based merit pay systems (where salary progression is determined by a mix of position on scale and assessed performance) often benefited women because they tended to be over-represented in the lower ends of salary structures and therefore received bigger percentage pay movements.

An important contextual feature, which the earlier research identified as a risk factor which may increase the likelihood of poor and unfair pay allocation decisions, is the propensity for organisations to devolve pay assessment and allocation decisions to line managers (see 5.1.4). Earlier discussions on gender stereotyping in managerial work suggest that women will be at a disadvantage compared to their male counterparts if, for example, behavioural competencies such as leadership are used (see 2.3.3). Furthermore, the process of assessment and measurement of individual competencies (including occupational standards) is itself liable to gender bias (see Chapter 4). The increasing shift towards the individualising of pay opens up greater opportunities for discrimination to enter the system. Yet it may lie undetected or, because of the lack of monitoring of these systems by organisations, not even be subject to scrutiny (Bevan and Thompson 1992; Rubery 1995).

So far, it seems that the organisational objectives of refining assessment measures and communicating cultural or business imperatives through the greater application of competencies in merit pay systems opens up the same scope for gender bias to operate as detailed in the previous EOC sponsored research.

Research is required to assess whether the use of competencies in individual assessment is likely to permit or constrain the operation of gender bias.

5.3 Training, promotion and career advancement

This section has discussed gender issues in employers' practices in directly linking skills and competencies to pay. However, training for promotion and career advancement contribute, albeit in an indirect way, to the maintenance of the pay gap. The issue here is whether employers' practices in linking skills and competencies to training can moderate or reinforce gender differences. In the context of this study, the questions that need to be addressed include:

- Are women's skills underrated or invisible?
- Do women experience more disadvantage than men in access to training for progression within bands?
- Are women being given less training and opportunities to develop the skills and competencies for promotion between bands?
- What are the factors that may contribute to women having less opportunity for career advancement?

These questions need to be considered in the light of the gender issues discussed in the previous sections. Again, our literature search found little evidence directly related to gender issues in linking skills and competencies to training. Our discussion about potential gender effects is, therefore, somewhat speculative.

5.3.1 Skills and competencies in training

The historical use by employers of skills and competencies to assess training needs and deliver individual training is also important to bear in mind. Indeed, Strebler and Bevan (1996) point out that employers have mainly used them for this purpose. The link with pay, therefore, is not explicit but is indirectly linked to pay by providing individuals with the opportunities to develop skills and competencies necessary for advancement. In this case, equal access to training and development opportunities will be important.

5.3.2 Identifying training needs

Skills and competencies have the perceived advantage of assisting line managers to identify training needs. On balance, this could be of potential benefit to women but might also present some difficulties:

- There are occupations, such as secretarial, where opportunities for training have traditionally been limited. This could affect the ability and/or willingness of line managers to identify training needs and release their staff (see 3.1.2).
- Women who work part-time and perceive their job to require less skills may not attach as much value to training as their full-time counterparts, or they may be given less access to training if managers perceived the jobs of part-timers to require less skills (see 3.1.3).
- Deciding the relative importance of the competencies and the technical skills required for a job presents difficulties for line managers (see Chapter 4). In practice, training for technical skills may be given more weight and higher priority. This could have the effect of disadvantaging women in broad bands which include both craft and clerical staff.
- Women tend to have less challenging objectives and receive less feedback on performance than men (see Chapter 4). This could affect the extent to which their training needs are identified during appraisal. Performance appraisal has been found to be dominated by 'impression management' that is 'supplanting competence and integrity' (Bowles and Coates, 1993).
- Gender stereotypes and managerial sex typing may result in managers perceiving women to be less competent and therefore to have greater training needs (see 2.3.2). Conversely, this may be due to the fact that women, themselves, have lower self-

esteem and that these lower levels of self-esteem are closely related to lower perceptions of own-job competence. In turn, this could have implications for organisations using the NVQ framework (Matthews, 1994 and 2.3.4).

5.3.3 Trainable skills and competencies

There is little conclusive evidence that men and women have different skills and competencies (see 2.3.1 and Vilkinas and Cartan, 1993; Cahoon, 1991). It could be argued that competency frameworks used for training and development should only include skills and competencies that are trainable since, in theory at least, the selection process should have ensured that only people with potential to develop the skills required by the business are recruited. We do not know whether there are any differences between men and women in the competencies they find more difficult to develop in practice, but the following aspects seem pertinent in this context:

- Women tend to put greater emphasis on personal and social relationships. The IES workshop conducted for this study showed that in some organisations the introduction of a competency framework helps women enter jobs which were historically staffed by males. This is because these jobs involve competencies related to building and developing a team of people.
- As organisations want to encourage empowerment, interpersonal skills increasingly come to the fore. IES consultancy work with senior managers shows that these are often mentioned as the most difficult skills to develop. Similarly, interpersonal empathy has been shown to be an area where most improvement is needed for a group of executives of a large multi-national company (Gratton and Pearson, 1994).
- This finding would seem to suggest that women may be at an advantage. However, male perceptions of a manager role were shown to 'devalue' more female characteristics and there are discrepancies in managers' and graduates' perceptions of interpersonal skills (see 2.3.2 and 4.3.4).

5.3.4 Competency based training

Organisations perceive that linking competencies to training will help them deliver individually targeted training, thus reducing the need to send staff on costly external training courses. This may potentially be detrimental to women:

- Organisations are more concerned about improving performance in the current job rather than for career development. As women tend to be perceived as being less likely to display the characteristics of an effective manager (see Chapters 2 and 4), they may receive more training to improve their current job performance than training to develop their career. Some evidence confirms that training is linked to management advancement and that males receive more training than females (Hite and McDonald, 1995).

- Competency based training is to a large extent self managed via personal development plans. This has been shown to place greater demand on the coaching skills of line managers, who need to help individuals manage their own development. IES research found that the lack of coaching skills was a major impediment in the delivery of competency based training and the effectiveness of personal development plans (Strebler and Bevan, 1996 and Tamkin, Barber and Hirsh, 1996). Recent IES consultancy work has shown that women are far less positive than men about the ability of their managers to identify their strengths and weaknesses. Women also reported that their training needs were not regularly reviewed.

5.3.5 Career advancement

As discussed in Chapter 3, the new business agenda requires employees to be flexible and develop the skills required by the business. As organisational structures become flatter, the responsibility for career advancement has shifted from the organisation to each individual. The opportunities for career development have in turn become less easy to identify. Some related research points to women faring less well than men in this respect. In particular,

- An unpublished survey carried out by IES recently for a retail organisation provides an interesting insight into gender differences in the perception of the most important factors for career progression. Men thought that visibility and a knowledge of internal politics were the most important factors, whereas women perceived factors related to the management and development of people to be the most important.

- Research evidence indicates that whilst training is related to managerial advancement, it is more advantageous for men than women (Tharenou, 1990). This was shown by the fact that career encouragement (*ie* support from managers) had a more positive effect on training for women than for men, which indirectly led to advancement (Tharenou, Latimer and Conroy, 1994).

- However, it seems that women who undertake specific training for career advancement such as an MBA still experience disadvantage. One study found that the salary differential between the sexes increased after completion of an MBA course, and whilst the average number of promotions for men and women was the same, women could only achieve promotion by leaving their existing organisation (Simpson, 1996).

Whilst training and development may be less directly related to pay, unequal access to training for women will lead to poorer promotion prospects and therefore pay. The evidence so far seems to suggest that further research is needed to explore whether differentials in pay outcomes may be due to the fact that women have less access to both internal and external training and to development opportunities.

5.4 Summary

This section has reviewed gender issues in pay and training outcomes. As pay and training systems have become more complex, the criteria by which fairness is assessed by employees may have remained constant. The following aspects should be highlighted:

- Competency based pay has a variety of meanings. It can apply to job evaluation schemes or be used to modify the assessment measures in merit pay systems. In the UK, the former approach is currently little used and the latter is more common.
- There is no research on the gender implications of job evaluation systems which are linked to competencies.
- The greater delegation of decision-making on individual pay to line managers is a highly important change in the structure of pay determination which widens the scope for greater potential unfair discrimination.
- Research on the gender aspects of CBP needs to take account of the design features of schemes as well as the process factors (*ie* the extent to which employees are involved in the design of CBP systems and have the opportunity to appeal decisions).
- The types of issues and problems identified in the EOC sponsored research on merit pay systems are likely to be present in systems that are using competence as an assessment tool.

- Skills based pay is less likely to cover female employees. However, there is little research on the gender aspects of these types of payment system. The potential for discrimination is more likely to lie in access to training opportunities than in the process by which pay decisions are taken.
- Women's progression within pay structures is governed by their opportunity to develop the skills and competencies they need to progress. As individually targeted training becomes the norm in organisations, progression for women may be limited where training has not been traditionally available and where part-time work limits their access to training.
- Women's progression may also be limited by their line managers' assessment of their training needs, the relative importance given to technical and personal competencies, the fact that they may be given less challenging objectives and their perceptions of their own training needs.
- There is evidence to show that the most difficult skills and competencies to develop are those in the interpersonal area. Potentially this could be of advantage to women who are often considered to possess these. However, male perceptions of managerial effectiveness reinforce stereotypes and are perceived to mediate against this.
- Competency based training is on the whole targeted towards individuals and not linked to externally recognised qualifications. The fact that line managers lack coaching skills could be a potential barrier to women who wish to develop the skills and competencies they require for promotion, particularly as women perceive their managers to be less able to identify their strengths and weaknesses than men do.
- Women's perception of the most important factors for career advancement seems to differ from men's. Women stress competence in the management and development of people whereas for men, visibility and a knowledge of internal politics is more important. It seems that men are more likely than women to gain training for career advancement and for this to have a more positive impact on their promotion prospects.

6. Conclusions and Further Research

The objectives of this preliminary study were to investigate the extent to which skill and competency based systems used by organisations may in practice contribute to the maintenance of the pay gap. The study has examined both the available research and organisational practices, with a view to mapping out the field and identifying the gaps in knowledge. This study is based on the following:

- A wide review of the research literature both from the UK and the USA, and secondary analyses of fifteen published case studies of examples of the new payment and training systems used by employers and sixteen published competency frameworks.
- Current IES research on the assessment and measurement of competencies, our consultancy work, and data outlined at a workshop of practitioners in large private and public sector organisations to discuss issues in the use of skill and competency based systems.

This report has discussed the gender issues in the employers' practices of linking competencies to pay and training from the point of view of equity. A research framework has provided a structure to the review of the research evidence and has highlighted some of the gaps.

6.1 Main research findings

The research findings highlight potential gender differences in the use of corporate payment and training systems linked to skills and competencies. Although the study concentrated on potential gender impact, these findings may also be relevant to other disadvantaged groups such as ethnic minorities and disabled people.

6.1.1 Skills and competencies

1. The traditional definitions of skills which were based on the more technical elements of a job and the level of training required may no longer be adequate to cover the full spectrum of the abilities needed to perform new roles.
2. Women, particularly those who work part time, are likely to undervalue the skill levels of their jobs, whereas men tend not to do so. Men are likely to undervalue the social skills and interaction with customers and clients, which women stress as important, and which may be essential requirements of service-type occupations.
3. There is much confusion about definitions, and employers use the terms skills and competencies interchangeably. Definitions of the terms are likely to vary according to employers, the approaches used, and individual users.
4. The concept of competence encompasses two different approaches: in the USA, competenc*ies* refer to the behaviours an individual needs to demonstrate effectiveness or superior performance in a job; in the UK, competenc*es* relate to the ability of an individual to perform activities to a prescribed standard within an occupation.
5. Employers express the skills and competencies they wish to develop or reward as lists, known as competency frameworks. The contents of these corporate competency frameworks are likely to vary according to employers, groups of staff, and the purpose for which they are being used (*eg* appraisal, training *etc.*).

6.1.2 Gender differences

1. Related research on gender differences in managerial work seems to indicate that female and male managers do not differ greatly in the competencies they possess. However, sex role stereotyping is pervasive and women are less likely than men to be perceived by both male and female managers to display the characteristics of an effective manager.
2. The fact that women are consistently rated lower on leadership ability by managers has important implications, since leadership is a common competency for managers. Criteria for leadership positions may be gender-biased if the more 'transformational' leadership style of women is not valued equally to the more 'transactional' style of men.
3. Evidence is emerging which shows that young women achieve lower levels of NVQs than young men. This gender gap seems

to be more pronounced in Scotland, in 'Craft and Related' occupations and in the Construction and Manufacturing industry.

4. Employers who link NVQs to pay and training may disadvantage women if they do not ensure that women have equal access to training, and if they do not monitor the outcomes of pay and training systems linked to NVQs for potential gender differences.

6.1.3 Assessment and measurement

1. Clearly the process of translating skills and competencies to individual performance criteria is complex and liable to gender bias. Since many employers have devolved the process to individual line managers, there is a risk that the choice of performance criteria may be influenced by factors other than job performance (*eg* budgeting constraints). Inconsistency between line managers is also an important potential danger.
2. Performance appraisal remains the main method for the assessment of performance and the findings discussed demonstrate that the process is subject to gender bias and stereotypes.
3. There is a great deal of evidence concerning the impact of bias on the measurement of performance. Research evidence has, however, perhaps focused on the more technical aspects of rating scales rather than on the validity and on the accuracy of the measurement of competency performance.
4. Evidence also shows that line managers acting as assessors in assessment centres find the measurement of performance on tasks easier than the assessment of individual competencies.
5. The use of self assessment and multiple sources of ratings may reduce the effect of gender bias and stereotypes. Although women may undervalue the skill level of their jobs more than men, they have been shown to be more accurate in the assessment of their own performance.

6.1.4 Competency and skills based pay

1. Competency based pay (CBP) has a variety of meanings. It can apply to job evaluation schemes or be used to progress people through bands and/or modify the assessment measures in merit pay systems.
2. The greater delegation of decision making on individual pay to line managers is a highly important change in the structure of pay determination which widens the scope for greater discrimination.

3. Skills based pay is less likely to cover female employees. However, there is little research on the gender aspects of these types of payment system. The potential for discrimination may be more likely to lie in access to training opportunities than in the process by which pay decisions are taken.
4. The use of occupational standards and achieved level of NVQs by employers to influence the development of pay structures and to determine progression may potentially disadvantage women; the emerging research suggests that lower levels of NVQs are achieved by young women than by young men.

6.1.5 Skill and competency based training

1. Whilst training and development may only be indirectly related to pay, unequal access to training for women will lead to poorer promotion prospects and therefore pay. As individually targeted competency based training becomes the norm in organisations, progression for women may be limited where training has not been traditionally available and where part-time work limits their access to training.
2. Women's progression may also be limited by their line managers' assessment of their training needs; the relative importance given to technical and personal competencies; the fact that they may be given less challenging objectives; and their own perceptions of their training needs.
3. The fact that line managers lack coaching skills could be a potential barrier to women who wish to develop the skills and competencies they require for promotion, particularly as women perceive their managers to be less able to identify their strengths and weaknesses than men do.
4. Women's perceptions of the most important factors for career advancement seems to differ from men's. Women stress competence in the management and development of people whereas for men, visibility and a knowledge of internal politics is more important. It seems that men are more likely than women to gain training for career advancement and for this to have a more positive impact on their promotion prospects.

6.2 Areas for further research

The study has revealed that further research is needed before we can establish with certainty the gender implications in the use of these systems. In particular, research is needed on gender issues in the use of skills and competencies and on employers' practice in the design and implementation of the new systems.

6.2.1 Skills and competencies

1. The gender implications of the different competency frameworks used are likely to be different and it will be important to collect clear information about the approaches taken by organisations to develop their frameworks. This suggests a need to compare employers using a method of assessment based on tasks (*eg* occupational standards) with those using behaviours (*eg* a competency framework).
2. The effectiveness of the performance criteria attached to different competency frameworks should be examined and different competency models should be compared (*eg* behavioural vs occupational standards) to determine which aspects of the approaches are more effective than others.
3. The practice of asking line managers to decide which competency level is applicable to individual jobs should be investigated for potential bias in the choice of levels, and in the extent to which they relate to individual performance.
4. Given the same competency framework, further research should examine whether women have different competency profiles attached to their roles and are assigned a more challenging or less challenging target level of competency performance than men.
5. Research is needed to examine whether and how the gender bias and stereotypes in the assessment process may result in different ratings of competency performance for men and women. The impact of self assessment and peer assessment should also be considered with a view to developing guidelines to supplement assessment by line managers.
6. Further research is needed to examine whether the use of competency frameworks by employers increases the probability that women, in particular managers, will be perceived to be less likely to display the competencies required for effective performance and whether women are also likely to have lower perceptions of their own job competence.

6.2.2 Organisational practices

1. Further research will need to take account of the ways in which the new business agenda influences organisational practices. In particular, how has the shift to individual performance helped or hindered women's perceptions of the skill level of their jobs?

Has the introduction of initiatives such as Opportunity 2000 had any impact in changing perceptions?

2. In order to assess the gender implications of the new corporate payment and training systems, the historical impact of previous HR systems needs to be investigated further. For example, which elements of the old system have been kept, and which changed, and why? There is a need to assess the impact of the time and costs pressure exerted by senior management and line managers, and the way these affect the types of systems produced. It will also be fruitful to collect examples of best practice amongst HR practitioners in order to make practical recommendations.
3. The preliminary analysis of published case studies has shown that a more detailed classification of systems according to their purpose (*eg* training or pay), the type of pay and grading structure (*eg* job evaluation, merit pay, skill or competency based), the groups of staff they are intended for (*eg* managerial, clerical and industrial) and the criteria used to assess performance (competencies or skills/NVQs) may be useful to assess potential gender issues in their use. Further research should continue to develop this classification and compare practices across industrial sectors.
4. It would be useful to develop criteria to score systems in terms of ease of communication, clarity and potential gender differences.
5. Our review of the literature suggests that there are no studies that have looked at the equal opportunities aspects of competency based job evaluation schemes in practice. Clearly there is a research need in this area.
6. Competency based appraisal systems should be examined to identify whether the use of competencies either moderates or reinforces the gender bias found with the more traditional method of appraisal, and whether women are more accurate than men in the assessment of their own competency performance and, if so, why.
7. Further research should ascertain whether the ways in which organisations choose to implement new competency frameworks may potentially disadvantage women, whether women have the same access to training and support as men and whether these aspects of implementation have any impact on the perceived equity of the system.
8. The evidence so far seems to suggest that further research is needed to explore whether differentials in pay outcomes may be due to the fact that women have less access to training, both

internally and externally delivered, and development opportunities. It should also examine whether women are at a disadvantage in practice when employers link their pay systems to the achievement of NVQs.

6.3 Next steps

This preliminary study has shown that there are sizeable gaps in our knowledge of organisational practices in the use of skills and competencies from the point of view of approaches taken to defining skills and competencies, the types of frameworks used and the types of systems adopted. We also lack sufficient evidence of the gender issues in the assessment and measurement of skills and competencies and whether these result in differential pay and training outcomes for women.

The areas for further research suggest a number of alternative next steps. These would appear to be:

- To establish more clearly the patterns of use of skills and competencies and the trends in the various systems adopted by employers to link them to their pay and training systems.
- To acquire more empirical evidence about the practices of employers.
- To develop an explanatory model of gender issues in the use of skills and competencies for pay and training.

Whilst there is much research evidence about gender issues in assessment and measurement of performance, there are also many gaps in our knowledge of the use of competencies. At this juncture, further empirical evidence is required before a rigorous model can be developed. Indeed, we encountered these difficulties in finding the research evidence necessary when we attempted to build a research model for this preliminary study. Given that most organisations are still in the process of introducing these systems, the last option, which would be the best option in terms of research, may be premature. However, the methodology adopted needs to address these issues but should also reflect the type of output sought.

6.3.1 Large scale survey of employers

In order to establish more clearly the patterns of use of skills and competencies and the trends in the various systems adopted by employers to link them to their pay and training systems, we would need to collect further empirical data about employers' practices. Although many initiatives are under consideration (or being introduced), in our judgement, a large scale survey of employers would be difficult to design (given the problems in definitions and the variety of the systems used) and would yield little additional useful information. Similarly, surveys of the use of competency frameworks are regularly conducted by *Competency* Journal and the Industrial Society. There is also research conducted by NCVQ and the DfEE on the patterns of take-up of NVQs. These secondary sources could be examined further to draw the sampling parameters and understand more fully the implications of the gender issues in vocational qualifications.

6.3.2 A case study approach

As an alternative, we may consider adopting a case study approach to examine the practices of employers in more detail. This would be a more practically-oriented approach based on organisations selected to represent examples of the various systems and approaches taken. Criteria for selecting organisations would need to be developed further on the basis of the importance of the factors discussed in this preliminary study. The research framework outlined in Chapter 1 would be useful to identify the areas for research and the stages to be considered. For example, our secondary analysis of the practices of employers from the published case studies has demonstrated that this approach could yield useful information about the rationale and business case for introducing the new systems and about the issues in systems design. Similarly, an examination of the purpose (*eg* training or reward) and the contents of the competency frameworks, of the methods used to assess them, and of the outcomes in pay and training would highlight potential gender issues. The output would therefore be of more practical value as it would identify potential pitfalls and suggest remedial actions from a gender perspective.

Our preliminary study has shown that a case study approach may be more suitable and would yield the most practical output. The case study approach would also generate more information from which to build a model to be researched more fully at a later stage.

6.4 Future case study research

Given that a case study approach seems the most suitable option and in order to examine the areas for further research (see 6.2), the design of the study would need to have the following stages:

- analyses of secondary sources
- formulation of hypotheses and research questions
- organisation of the case studies
- collection of data during fieldwork
- analysis and reporting.

Our preliminary study has shown that much can be gained from an analysis of secondary sources (see also 6.3.1). For example, a further analysis of the Labour Force Survey might generate useful insights about the gender differences highlighted in Chapter 2. The formulation of hypotheses and research questions will inform and shape the analysis and reporting. However, the success of such a study would rely on securing access to case study organisations and choosing the most suitable methods to collect good data during the fieldwork.

6.4.1 Choice of case study organisations

It is suggested that case studies should be selected to cover a variety of payment and training systems and a range of different approaches to skills and competencies. In our view, as many as twenty case studies might be required to reflect the variety of practices identified in this preliminary assessment.

This could involve:

- up to twenty case studies to cover the variety of payment and training systems and use of skills and competencies highlighted in this preliminary study, in particular
- payment and training systems which highlight organisational practices in competency based pay, merit pay and skill based pay, and
- use of different approaches to skills and competencies, *ie* occupational standards and behaviours.

In practice, however, we recognise that securing access to as many as twenty organisations within the sampling parameters (outlined below) and offering a variety of approaches may be difficult to achieve in practice. Recent IES attempts at securing such a number of case studies (*eg* for the skills review conducted for the DfEE) has shown that most organisations are suffering from 'research fatigue' and it will be important to take account of the additional time needed and/or to target a smaller number of case studies in more depth (for example larger organisations).

6.4.2 Sampling parameters

As far as possible the sample should include organisations drawn from:

- Both the private and public sectors, as their approaches to the use of competencies are likely to be different (*eg* behavioural model vs occupational standards).
- Different employment sectors, in particular the service and manufacturing sectors, as they differ in their use of pay and training systems (*eg* competency based vs skill/NVQs based).
- Different regions and parts of Britain including Scotland and Wales, to examine differences in the system of vocational qualifications and local business constraints.

In addition, it may be useful to target some of the organisations which are members of Opportunity 2000 or the EOC's Equality Exchange to ascertain whether their initiatives have had any impact on the equal opportunities agenda.

In practice, there will be some difficulties in achieving all these sampling parameters. Large organisations are likely to make most use of skills and competencies. However, smaller organisations may be most likely to use these in an *ad hoc* way, rely on external training and give less consideration to equal opportunities issues. As noted above, it may be more practical to concentrate on a smaller number of organisations.

6.4.3 Fieldwork

This preliminary study has shown that, in order to be effective, any further research would need to involve a range of key stakeholders and occupational groups in the process. These include:

- Decision makers, to discuss the rationale for introducing the systems and to explore the impact of business constraints on the equal opportunities agenda.
- HR practitioners, to examine the practical issues encountered in the design and the monitoring of the new systems.
- Line managers, to explore the implementation of the systems and assessment and measurement issues.
- Female and male employees, to assess the extent to which corporate payment and training systems are perceived to be fair and the benefits and disadvantages of these systems.
- Employees drawn from a variety of occupational groups, to include more traditional female occupations (*eg* sales), skilled manual occupations, and managerial and clerical.
- Employees employed in a variety of working patterns, to include part-timers, a mix of women working full time and part time and women working part time with men full time.

Our previous study for the EOC (Bevan and Thompson, 1992) has demonstrated that structured fieldwork including several methods of collecting data (*eg* desk research of salary data, individual interviews and a small attitude survey) yield the best information. Such a structured approach to data collection would work best with a smaller number of case studies. A compromise will have to be sought between depth and breadth. In most cases, however, access is a problem and it will require some time to organise the fieldwork. Our current research on the assessment and measurement of competencies has developed a small questionnaire to gather feedback on process issues which may be useful in this context. In our experience, semi-structured interviews and group discussions are the easiest to organise and collect a great deal of useful qualitative information.

6.5 Summary

This preliminary study has shown that there are enormous gaps in our knowledge of organisational practices in the use of competencies for assessment and measurement. There is a need to draw on this preliminary study to develop hypotheses and research questions which will highlight gender issues in the use of competency based pay and training systems and, therefore, provide practical guidelines for best practice.

Appendix 1 — Bibliography

Assessment

Adams K (1996), 'Competency: discrimination by the back door', *Competency*, 3: 4, 34-49.

- Reviews the potential for gender bias as organisations move towards competence based frameworks. Argues how the techniques for gathering the criteria for these frameworks may be value free, but that the participants, whose contributions will be the result of their own experiences, are unlikely to be.

Alimo-Metcalfe B (1991), 'Leadership, gender and assessment', paper presented at the *European Foundation for Management Development Conference*, October 9-12 1991, Palermo.

- Argues that modern practices of assessment used for selection, promotion, and those which inform decisions in career opportunities, operate against women's chances and choices of career development. Furthermore, that as such techniques become more complex, potential discrimination may become harder to recognise.

Alimo-Metcalfe B (1993), 'Women in management: Organisational socialisation and assessment practices that prevent career advancement', *International Journal of Selection and Assessment*, 1: 2, 68-83.

- Reviews the literature on the collection of biographical data in major studies of women managers in the UK, and provides a detailed critique of assessment practices that have potential for gender bias. Illustrates the ways in which gender is built into the very methods of assessment and management criteria, which tend to be associated with male characteristics ('doing skills'), rather than women's characteristics ('being skills'). Argues that as organisations are encouraged to increase the 'fairness' and 'sophistication' of their assessment procedures, they may in fact be reinforcing the very nature of the discriminations they are supposedly attempting to reduce.

Alimo-Metcalfe B (1994), 'Gender bias in the selection and assessment of women in management', in Davidson M J and Burke R J (eds), *Women in Management: Current Research Issues*, Paul Chapman.

- A thorough discussion of the major assessment and selection procedures and their potential for gender bias. For example, reviews research on appraisals that found men to have been given a greater amount of critical feedback, and more formal objectives and incentives to improve. To counter such bias, the author argues for those appraising to be required to provide specific behavioural observations to substantiate their judgements.

Atak W (1994), 'Creating a behavioural structure for superior managerial performance', *Competency*, 1: 2, 20-26.

- Courtaulds Textiles' approach to management competencies is described. Methodological details are sparse but competencies were derived from validated critical incident interviews. Appraisal consists of agreement between self and managerial assessment. The author discusses the reluctance of the organisation to move towards competence-linked pay as this may reduce current flexibility and make people more defensive, thus losing the encouragement for openness when the framework is used as a developmental tool.

Banks C G and Murphy K R (1985), 'Toward narrowing the research-practice gap in performance appraisal', in Schneier C E, Beatty R W and Baird L S (eds), *The Performance Management Sourcebook*, Human Resource Management Press.

- An absorbing review of the gulf between practitioners and researchers and what the authors believe are the unresolved issues that stem from this gap, namely appraisal reliability and validity. Ten years on, the use of competency based approaches does seem to have narrowed the gap concerning the authors' recognition of a need to determine what aspects of performance are 'measurable'. However, many of their points remain current and unresolved, most notably the issue of 'best practices' that would enable standardised behavioural definitions of performance, and help to alleviate some of the issues concerning gender bias.

Barker C and Pritchard D (1993), 'Hay job evaluation system — biased against women?', *IRS Employment Trends*, 536, 4-5.

- Hay response to findings that their job evaluation system has an inbuilt bias against women's work *(see: Steinberg, 1992)*. Argues that it is not the methodology that is at fault but the application of its findings, and the interpretations used by the organisation. However, despite this clarification no proposals are detailed that would enable a 'best practice' of the system to avoid such interpretations, or that such a practice exists.

Baron H and Janman K (1996), 'Fairness in the assessment centre', in Cooper C J, Robertson I T, (eds), *International Review of Industrial and Organisational Psychology*, Volume 11, John Wiley and Sons.

- A thorough and extensive review of the use of the assessment centre in managerial selection and development. Describes the development of criteria, and the range of exercises and assessment procedures. Is critical of the dimensions against which candidates are assessed, and argues that they are potentially biased in favour of a masculine view of management competency, neglecting areas where women are more likely to excel.

Bowles M L and Coates G L (1993), 'The management of performance as rhetoric or reality?', *Personnel Review*, 22: 2, 3-23.

- Reports on a postal survey of 250 West Midlands companies to determine the critical issues surrounding the function, strengths and weaknesses of performance appraisal. Finds that changes in HRM policy have made it more difficult to establish objective performance criteria, and that performance appraisal is dominated by 'impression management' that is 'supplanting competence and integrity'.

Carroll S J and Schneier C E (1982), 'The rater as information processor', in Carroll S J and Schneier C E (eds), *Performance Appraisal and Review Systems*, Scott, Foresman, and Company.

- Looks at cognitive processes that impact on the evaluation of performance. The authors discuss implicit personality and attribution theories which can be used to understand how a rating made by a rater may be due more to the cognitive characteristics that the rater develops, than the actual behaviour of the ratee. Concludes with a useful discussion of nine implications for the appraisal setting that should be given attention.

Cook M (1995), 'Performance appraisal and true performance', *Journal of Managerial Psychology*, 10: 7, 3-7.

- Reviews the many forms of potential bias that can arise from performance appraisal. Highlights the poor correlation between objective measures of work (of the 'units-produced-or-processed-type') and more subjective appraisals for the same employee. Discusses the organisational implications.

Dukes J (1995), 'Before competencies — a plea for clarity', *Selection and Development Review*, 11: 5, 3-4.

- Discuses how competencies are in widespread use but lacking a consistent definition. Cites Woodruffe (1992) as the central protagonist arguing for a precise definition to enable adequate theory construction, but argues that historically this is mistaken and definitions tend to follow theory.

Gratton L and Pearson J (1994), 'Empowering leaders: are they being developed?', In Mabey C and Iles P (eds), *Managing Learning*, Routledge.

- Investigates empowerment characteristics of managers through the use of upward appraisal. The results highlight a shortfall in managers' ability to empower subordinates The authors argue this has implications for organisations moving from a command-control structure to one based on teamwork. They believe the use of 360-degree feedback will prove valuable to companies where empowerment capabilities are important for their success.

Iles P A and Robertson I T (1988), 'Getting in, getting on, and looking good: physical attractiveness, gender and selection decisions', *Guidance and Assessment Review*, 4: 3, 6-8.

- Tackles the issue of interviewing and its low predictive validity, and discusses the range of potential bias seemingly inherent within this form of assessment. Argues in favour of the 'situational' interview, where candidates are asked hypothetical questions relating to their job situation of the 'what would you do if' variety. They argue in favour of using more objective criteria that allows the candidate to be judged against job-related effective performance.

Industrial Society (1996), *Management Competencies*, Managing Best Practice, Report 21.

- Presents detailed case studies of six organisations' competency systems: The Body Shop, British Gas, British Telecom, Ericsson, KLM, and The Senior Civil Service. This is supplemented by a report from the results of a survey of 342 personnel managers and directors on management competencies.

Maurer T J and Taylor M A (1994), 'Is sex by itself enough? An exploration of gender bias in performance appraisal', *Organisational Behaviour and Human Decision Processes*, 60, 231-251.

- Previous research on the effects of sex of ratee on performance ratings have been equivocal. Results from this study reveal that while sex of a ratee may have no effect on ratings, perceived masculinity/femininity of the ratee may have an effect, and attitudes held by raters regarding women in the relevant occupation may moderate this effect.

Pooyan A and Eberhardt B J (1990), 'Predictors of performance appraisal satisfaction: the effect of gender', *Asia Pacific Human Resource Management*, 28: 1, 82-89.

- Investigates gender differences in attitudes towards performance appraisal of 350 non-faculty employees. Results indicated that there were no significant differences between the sexes, that both men and women employees perceived and described various aspects of their appraisals similarly. However, the study was not designed to measure any gender differences in the output of the appraisal, and so we cannot draw any conclusions about perceived fairness in the face of, for example, appraisal ratings shown to have a pro-male bias.

Smith M and Robertson I (1992), 'Assessing competencies', In Boam R and Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- A comprehensive and exhaustive discussion of the different methods available for the measurement and assessment of competencies. Four main approaches are detailed: **Analogous**, which uses exercises such as in-tray and trainability tests, thus activities that are directly related to the job concerned; **Analytical**, which uses methods that isolate the key aspects of competencies in generic terms, the use of 'abstract' ability and temperament tests are common; **Reputational**, assessments provided by a third party, *eg* supervisors, peers, *etc*.; **Miscellaneous**, less common approaches such as 'future autobiography' which attempts to be future-oriented in its assessment of competencies.

Sparrow J and Rigg C (1993), 'Selecting for the masculine approach to management?', *Selection and Development Review*, 9: 2, 5-8.

- Concludes that if organisations have jobs which are currently staffed by men only, then job analysis will simply identify the male model and perpetuate it through its use in recruitment and appraisal. Using separate gender profiles will also run into problems unless there are a significant number of women; those in a minority may have adopted a masculine style. The authors recommend that organisations be 'future-orientated', and give examples of differences in attributes based on male/female versions of a job. A case of preaching to the converted?

Steinberg R J (1992), 'Gendered instructions: cultural lag and gender bias in the Hay system of job evaluation', *Work and Occupations*, 19: 4.

- Examines the Hay system since its design in the 1950s and finds little change. Argues that the system still embodies the cultural assumptions that were common 40 years ago, concerning the value of male and female work. Investigates the use of the Hay system in the public sector in Minnesota, and finds that in comparison to male work, the content of female work is treated as unskilled and less responsible. The three sub-factors where this gendered division is greatest are fully detailed: human relations know-how, freedom to act, and technical know-how *(see: Barker and Pritchard (1993) for Hay Management response).*

Vickers-Thompson S (1994), 'Psychological instruments in training', *Training and Development*, 12: 8, 10-29.

- Explores the potential dangers from the varied applications for psychological instruments, most notably the lack of training and experience given. Argues how it is 'common' in assessment centres to find that interviewers merely pay lip service to test or questionnaire results, preferring the evidence of their own 'eyes and ears' within the interview.

Woodruffe C (1992), 'What is meant by a competency?', in Boam R and Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- An excellent clarification of the competence-based approach, guiding the reader through the definition of the term and an overview of the debate between generic versus organisation specific lists of competencies. His key point is that competencies are 'dimensions of behaviour which are related to superior job performance', thus aspects of the person which enable them to be competent rather than aspects of the job at which the person is competent.

Gender differences

Alimo-Metcalfe B (1995), 'An investigation of female and male constructs' of leadership and empowerment', *Women in Management Review*, 10: 2, 3-8.

- Reveals how the inclusion of an equal proportion of women into the sample from which leadership criteria are elicited leads to very different attributes emerging. Describes how women's descriptors relate directly to notions of transformational leadership, and men's to transactional leadership.

Cahoon A R (1991), 'Gender differences in management', *The Practising Manager*, 11: 3, 13-20.

- Argues that gender differences pervade at the social not individual level, and are deeply embedded in the beliefs and practices of organisations. Discusses how, as individuals, executive women and men seem to be virtually identical psychologically, intellectually and emotionally. Further, that women and men do not differ in their ability to memorise, to analyse or to solve problems. Moreover, research is cited which reveals that rarely have sex differences been found in the personality traits of managers, and in fact the longer men and women spend in management, the more similar they become. Whilst the research evidence is more equivocal than this paper suggests, the author provides a strong critique of the barriers women face in terms of recruitment and selection, promotion and pay.

Gibson C B (1995), 'An investigation of gender differences in leadership across four countries', *Journal of International Business Studies*, 26: 2, 255-279.

- Results from 209 managers across four countries found that certain dimensions of leadership behaviour and style vary and are given different emphasis across genders and country. Of those dimensions that varied the most, it was found that males emphasised goal setting, whilst females emphasised interaction facilitation.

Matthews A (1994). *Gender and Perceptions of Job Competence*, National Council of Vocational Qualifications, Report 17.

- In this report for the NCVQ, a small sample of engineers and administrators (n=90) was used to test gender differences in perceptions of job competence. Findings were equivocal (possibly due to the small sample and lack of refinement of the measuring instruments), but the research supports previous findings of lower self-esteem amongst women, and that these lower levels of self-esteem are closely related to lower perceptions of own-job competence. If these findings can be replicated it suggests that the NVQ system, with its competence-based performance criteria, could potentially discriminate against those who, through lower self-esteem, rate their job competence more harshly.

Roberts T (1991). 'Gender and the influence of evaluations on self-assessments in achievement settings', *Psychological Bulletin*, 109: 2, 297-308.

- Gives a thorough and extensive review of the literature concerning the way that men and women respond to others' evaluations in achievement settings, such as performance appraisal. Is critical of the way that most research has relied upon a simplistic model that where gender differences exist, 'men's behaviour is normative and women's behaviour therefore requires explanation as a deviation from that norm'. Argues for a multidimensional approach that takes account of how gender differences can be dependent upon situational factors, and how women's responsiveness in some situations may be a short-term approach to a longer-term plan for improvement.

Schein V E and Mueller R (1992). 'Sex role stereotyping and requisite management characteristics: a cross cultural look', *Journal of Organisational Behaviour*, 13, 439-447.

- Results of a large scale survey using management students revealed that males in all three countries perceive that successful middle managers possess characteristics, attitudes and temperaments more commonly ascribed to men in general than to women. Argues that all else being equal, the similarity between the perceived stereotyped characteristics of managers and those of men is likely to increase their selection and promotion chances at the expense of women. Finds that current measured attitudes are similar to those reported 15 years ago.

Vilkinas T and Cartan G (1993), 'Competences of Australian women in management', *Women in Management Review*, 8: 3, 31-35.

- Compares the managerial styles of 159 male and female managers. Finds that similar to the men, women managers did not have any dominant managerial role and could use them all interchangeably. There was also an absence of gender differences in the competencies which male and female managers displayed.

Pay

Bassett G and Gilbert D (1994), 'Merit increases are a mistake', *Compensation and Benefits Review*, 26: 2, 20-27.

- The first author believes that pay and performance should be treated as separate issues and that attempts to tie the two can be counter-productive. The second author states that we should reward performance if we want productivity but not if we want people to enjoy their work! To achieve both, he argues, it then becomes necessary to use pay as an 'informational vehicle', *ie* pay needs to be seen as positively promoting self-determination and competence. This is based on research which reveals that people derive pleasure from engaging in work that gives the feeling of being 'in control' and competent.

Bevan S and Thompson M (1992), *Merit Pay, Performance Appraisal and Attitudes to Women's Work*, IMS Report 234.

- Examines merit pay and performance appraisal in four organisations, and the extent to which training and career progression for women may be disadvantaged by these systems. It was found that whilst women attained slightly higher appraisal ratings, men at the same job level and the same ratings received different pay increases, and were more likely to have been offered training and promotion. Has an extensive bibliography.

Chauvin K W and Ash R A (1994), 'Gender earnings differentials in total pay, base pay, and contingent pay', *Industrial and Labour Relations Review*, 47: 4, 634-649.

- The authors investigate the unexplained portion of the gender pay gap by focusing on different types of pay, using data from a 1988 survey of business school graduates. They find that within narrowly defined occupations and jobs, most of the unexplained difference in pay between men and women in the sample was due to gender differences in the portion of pay that was contingent on job performance. However, details were not provided about the methods of evaluating performance, and thus whether any particular methods led to a greater gender difference in pay than others.

Drazin R and Auster E R (1987), 'Wage differences between men and women: performance appraisal ratings vs. salary allocation as the locus of bias', *Human Resource Management*, 26: 2, 157-168.

- Data were collected from 800 women and 1,831 men which revealed a wage gap between the sexes that was concentrated more at the managerial than technical level. As women showed slightly higher appraisal ratings, bias thus pointed to salary allocation rather than assessment. It is further discussed how the pattern of results could reflect a gender bias in the type of work stereotypically undertaken within the organisation. It is possible, therefore, that women are being allowed to progress to management but only to those positions that are perceived as less strategically important to the core concerns of the organisation, and under-rewarded accordingly.

IRS (1994), 'Developments in job evaluation: shifting the emphasis', *IRS Employment Trends*, 551, 10-16.

- From an analysis of six organisations, discusses how job evaluation is increasingly being used as a tool which underpins pay structures. Believe that as more employers move away from rates attached to jobs and put more emphasis on factors such as individual performance, it will become increasingly likely that women will be able to find male colleagues whose jobs have been evaluated as equivalent to or lower than their own, and yet who are receiving higher pay.

IRS (1996), 'Reviewing and revising grading structures: a survey', *IRS Employment Trends*, 600, 7-13.

- Provides information on grading structures from a survey of 42 organisations. Discusses the motives for change, the advantages and disadvantages, and details how these organisations have made linkages to pay.

IRS (1996), 'Skills-based pay: a survey', *IRS Pay and Benefits Bulletin*, 391, 5-10.

- Uses a survey of 73 private sector organisations to discuss the linking of pay to performance. Finds that concern about equal pay for work of equal value is a key factor weighing in the minds of employers who are considering whether or not to revise their grading structures.

Quinn J M (1994), 'Visibility and value: the role of job evaluation in assuring equal pay for women', *Law and Policy in International Business*, 25: 4, 1403-1444.

- Gives a critique of job evaluation and details its role for ensuring pay equity by contrasting its use in the work forces of Ontario, United States, and Great Britain. Finds that gender stereotypes are all too common in traditional methods of job evaluation, which results in the under-valuation and under-compensation of work performed predominantly by women. Discusses how the traditional ways of collecting information about job content is not suited for female jobs. For example, literature is reviewed that shows how questionnaires often require women to fit into predetermined categories derived from men's work.

Rankin N (1994), 'Pay: the final frontier', *Competency*, 2: 1, 15-17.

- Annual survey revealed that 59 per cent of organisations with competency frameworks are actively seeking to link them to pay. Reviews literature which argues that such a move is a recipe for pay inflation, stagnant or falling productivity. Discusses how those that are carrying out the link are operating cautiously and merely adapting existing PRP schemes. Believes that one of the main reasons for organisational caution in linking frameworks to pay is the potential for complaints under equal pay legislation. Provides examples of different approaches.

Rubery J (1995), 'Performance-related pay and the prospects for gender pay equity', *Journal of Management Studies*, 32: 5, 637-654.

- Drawing on literature and research into PRP, argues that moves towards a widening income dispersion, the increased importance of appraisal and management discretion are likely to disadvantage women. Further, the individualisation of pay is likely to lead to greater fragmentation of the interests of women, reducing the likelihood of 'collective resistance'. Believes the spread of PRP will make it increasingly more difficult to monitor pay trends, as it reduces the transparency of the labour market.

Promotion and training

Alimo-Metcalfe B (1993), 'The United Kingdom', in Davidson M J, Cooper C L, (eds), *European Women in Business and Management*, Paul Chapman.

- Discusses the issues relevant to women's managerial advancement in the UK. Reviews evidence for discrimination in recruitment techniques, and selection interviews.

Blais J, Duquette A and Painchaud G (1989), 'Deterrents to women's participation in work-related educational activities', *Adult Education Quarterly*, 39: 4, 224-234.

- A Canadian survey of adult education participation, revealed that working women are more likely than men to be involved in adult education but are considerably less likely to take part in educational activities related to work. Results from a cluster analysis revealed that items pertaining to the employer's lack of assistance, and pressure from conflicting commitments scaled reliably.

Gold U O and Pringle J K (1988), 'Gender-specific factors in management promotion', *Journal of Managerial Psychology*, 3: 4, 17-22.

- Reports on an Australian survey focusing on how male and female managers perceive the factors important in promotion. It was found that there were more similarities than differences in the patterns of work promotion, and in the perceived factors which 'help'. However, differences arose amongst the 'hindrance' factors, with women revealing negative organisational attitudes as the most important issue. It was further revealed that women were rewarded on average with fewer promotions.

Hite L M and McDonald K S (1995), 'Gender issues in management development: implications and research agenda', *Journal of Management Development*, 14: 4, 5-15.

- Provides a review of the literature and highlights a growing body of research examining gender differences in learning and gender bias in the academic environment, but finds little work regarding gender bias in management development training. Presents findings that training is linked to management advancement, and that males receive more than females. Offers suggestions for the improvement of equity in management development training environments.

Igbaria M and Boroudi J J (1995), 'The impact of job performance evaluations on career advancement prospects: an examination of gender differences in the IS workplace', *MIS Quarterly*, 19: 1, 107-123.

- The study is based on the results of a survey of 109 employee-supervisor pairs. It was found that men receive more favourable career opportunities than women, and supervisors were less likely to attribute a woman's satisfactory performance to internal causes compared to men. The authors argue that job performance and gender interact, that it is not gender *per se* that influences the supervisor's internal attributions, but rather the level of job performance the individual has achieved and their gender.

Miller P W (1994), 'Gender discrimination in training: an Australian perspective', *British Journal of Industrial Relations*, 32: 4, 539-564.

- Uses data from a large scale survey concerning training at work, undertaken for the Australian Government. Finds substantial gender differences in both the incidence and duration of work related training. More specifically, it was found that women undertake more external training, which can be undertaken without the sanction of the firm, than men. However, for training officially sanctioned by the firm, women were found to undertake less than men, which, it is argued, could reflect discriminatory attitudes held by organisations and has repercussions for the promotion prospects of women.

Pazy A (1992), 'Sex-linked bias in promotion decisions', *Psychology of Women Quarterly*, 16, 209-228.

- In a sample of 57 women and 60 men it was found that respondents who had worked in the past under a female manager showed a pro-female bias in choosing among candidates with relevant career experience. Methodologically, it was found that a ranking format was more sensitive to the effect of sex-linked bias than was the rating format.

Strebler M and Bevan S (1996), *Competence-based Management Training*, IES Report 302.

- A report based on a survey of 377 organisations asked to provide details of their use of competencies. A benchmarking exercise that examines the issues and practices that surround linking competencies to training and development, and the methodology used to assess competency requirements.

Tharenou P (1990), 'Psychological approaches for investigating women's career advancement', *Australian Journal of Management*, 15: 2, 363-378.

- A key paper that critiques historical psychological theories used to study women's career advancement. More recent approaches study the interaction between the person and the situation *(see: Maurer and Taylor, 1994)*, as a move away from the simplistic main effect based research studying gender differences, whose results often remain equivocal. Argues that a social cognitive model (after Bandura's social learning theory) can offer a more complete understanding by looking not solely at individual differences, but acknowledging social and organisational factors both past and present. Such an approach considers sex as a social category to which others respond and is able to take on board the many interactional and reciprocal influences that can shape women's career advancement.

Tharenou P, Latimer S and Conroy D (1994), 'How do you make it to the top? An examination of influences on women's and men's managerial advancement', *Academy of Management Journal*, 37: 4, 899-931.

- A thorough piece of research using a large sample of Australian managers (513 women, 501 men) that tested models of managerial advancement, including both situational and individual influences. Gender differences were found at almost every point of the model. Men were found to have attended a greater number of formal training courses, while training had a more positive effect on their advancement. Work experience and education were also found to lead to increased training, but again more for men than for women. Career encouragement had a more positive effect on training for women than for men, which indirectly led to advancement.

Skills and qualifications

Dologhan F and O'Brien E (1996), *NVQs: Collecting the Evidence*, Equal Opportunities Commission for Northern Ireland.

- A report into equal opportunities in the Northern Ireland NVQ system, finds that a lower percentage of women are reaching the higher levels. The report is critical of NVQ national targets that have no specific targets for women, and that there are no specific statistical records kept to monitor equal opportunities in uptake and attainment.

Felstead A (1996), 'Identifying gender inequalities in the distribution of vocational qualifications in the UK', *Gender, Work and Organisation*, 3: 1, 38-50.

- Using data from the Labour Force Survey, the paper highlights gender inequalities in the certification of work related skills. Analysis reveals that proportionally fewer women than men record their highest qualification to be a vocational one at or above level III, and it is shown how this gender gap cannot be explained by a person's different personal and employment-related characteristics. It is argued that a woman's odds of holding the same level of qualification as a man are reduced by over a quarter simply because of her sex.

Gallie D (1991), 'Patterns of skill change: upskilling, deskilling or the polarisation of skills?', *Work, Employment and Society*, 5: 3, 319-351.

- Examines survey data from the ESRC's Social Change and Economic Life initiative, to investigate the long term direction of skill change. Finds that 44 per cent of men, but 63 per cent of women, had received no training at all for the job they were currently doing, and that 79 per cent of men, but only 57 per cent of women, regard their work as skilled. Within each occupational category, women were found to have lower skill indicators than men, *ie* in direct comparison women are proportionally less qualified and have less training for the same jobs. Furthermore, in the previous five years it was found that women were less likely than men to have seen their skills increase.

Horrell S, Rubery J and Burchell B (1994), 'Gender and Skills', in R Penn, M Rose and Rubery J (eds), *Skill and Occupational Change*, OUP.

- Finds that women need to have higher qualifications for the same job as men, and that men still have jobs with higher skill requirements. Finds evidence that women's jobs involve different skills, and that these skills should be given greater weight in job evaluation schemes to even out the male bias in job attributes. This is particularly salient as women in part-time work are found to be at increased risk of undervaluing their skills. Argues that for any real progress in equality of pay, greater care is needed to prevent bias in the measurement of skill which is currently perceived as doing little more than reproducing the current grading and status of jobs.

Marshall J (1995), 'Gender and management: a critical review of research', *British Journal of Management*, 6: Special Issue, S53-S62.

- Takes an overview of current research and provides an interesting twist to the oft mentioned argument that women's skills will be more in demand for future looking organisations. Argues that the female 'transformative' style of management may be a potential trap in future delayered organisations, a means of keeping women in junior management positions that require the use of 'harmonising skills', whilst the senior posts remain firmly committed to traditional male stereotypes.

National Advisory Council for Education and Training Targets (1994), *Report on Progress*, NACETT.

- Finds that women are much less likely than men to gain vocational qualifications. The number of women reaching NVQ2 and NVQ3 (or their equivalents) is significantly lower than for men, and this gap widens further between these levels. Accepts that this is not due to ability (on average young women perform better at GCSE and 'A' level) and that there is a need to identify and address any potential barriers.

Phillips A and Taylor B (1986), 'Sex and skill', in Phillips A and Taylor B (eds), *Waged Work: A Reader*, Virago.

- A seminal work that discusses how skill definitions are 'saturated with sexual bias'. Giving examples of classifications of women's work as unskilled and men's as skilled or semi-skilled, it is argued how this categorisation bears little relation to the actual amount of training or ability needed to perform the work.

Simpson R (1996), 'Does an MBA help women? Career benefits of the MBA', *Gender, Work and Organisation*, 3: 2, 115-121.

- In a sample of 173 MBA graduates, it was found that the salary differential between the sexes widened after completion of the course. Average number of promotions was the same, but for women this had to come from outside of their existing organisation. Overall, women MBAs perceived more obstructions to career progression than women managers generally, reflecting the continuing problem of deep-set male attitudes within organisational culture.

Spilsbury M, Moralee J and Evans C (1995), *Employers' Use of the NVQ System*, IES Report 293.

- Examines the progress of employer's take-up and use of NVQs since IES' last survey of 1993. Finds that the proportion of use has increased by only one percentage point. Detailed information is provided on the ways in which employers are using the qualifications, and reasons for not using them (the majority of those who have heard of NVQs but are not using them claim that they feel they are not relevant for their organisational needs). Of those employers that have introduced NVQs, almost one-third report that employees received a pay increase on completion (skill-based), and 16 per cent stated that the employee moved to a higher grade.

Toye J and Vigor P (1994), *Implementing NVQs: The Experience of Employers, Employees and Trainees*, IES Report 265.

- Amongst employees, it was found that the most popular reasons for working towards an NVQ was the receipt of a nationally recognised certificate, and the perceived increase in job security and career progression. For employers, it was found that assessment practices have predominantly been designed to fit in around the current line management and supervisor roles. However, whilst such practice may have helped to confirm the line manager's role in appraisal, and allowed them to communicate more effectively with staff, it does mean that the NVQ assessment is potentially at risk from amplifying any pre-existing bias within the line management structure.

Appendix 2

Case Studies:Pay and Training Systems

Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
AA (700 covered) Competency-based and performance-based *[IDS Management Pay Review 173]*	Private Service Managers	Wanted to consolidate on changes made in 1992 that were aimed at reducing bureaucracy, increasing flexibility and rewarding personal development Latest developments are to establish clear common standards across AA's four businesses	Pay progression is determined by delivered performance and competency ratings Hay system was replaced by role assessment based on job parameters (core responsibilities, impact and contact), and person parameters (eg experience, attitude, motivation/orientation) Competencies have been refined to 20 and are grouped into five clusters: capability; motivation; efficiency; effectiveness; presence All managers are assessed against the same competencies, but the personal objectives are individual and based on the business plan; central guidelines are set to ensure consistency; objectives are reviewed at six months	Performance appraisals are conducted twice a year, competency appraisals annually Assessment is carried out by line managers, ratings for both performance and competence appraisals are based on a five point scale with the midpoint being 'commendable' Individual performance is assessed against the achievement of objectives and the responsibilities of the role; the competency rating is derived either from the individual assessment of all 20 competencies, or from each of the five clusters

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Abbey Life (1,650) Competency-based and performance-based *[IDS Report 666]*	Private Service Clerical, technical and managerial	Previous system had been in place since the 1970s Wanted to change from a performance-only system as this was felt to be difficult at a time of persistent low inflation Believed that a thorough job structure review was needed as a job audit revealed an imbalance between clerical and technical salaries	Rejected the previous performance system as it ignored the inputs that employees bring to their jobs New system still involves the assessment of the extent to which personal objectives are met, but also takes on board the individual's 'knowledge, skills and experience' (KSE), and the individual's competencies Job ladders were created, each with their own salary band and having between five and seven salary points; at each point there are pre-determined KSE, competency and objective levels that relate to the job itself There is a central list of eight clerical and 20 managerial/technical competencies. Each competency is subdivided into different levels of behavioural description; no details are given of any clustering of the competencies	The three elements (KSE, competencies and objectives) are considered to be equally important, thus an individual must be judged to have made progress in all three to climb the ladder Each employee has an annual development review to formalise an agreed plan; subsequent performance reviews vary on the nature of the job Assessment is carried out by line managers whose decisions are checked for consistency by the next level manager, at the divisional level, and finally by a review team of directors All line managers have been trained in the assessment of the three elements of the appraisal process

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
BAe Chadderton Aerostructures (2,500) NVQ *[IDS Report 678]*	Private Manufacturing Blue Collar	Previously an internal division of British Aerospace, now trades direct with all customers and is intent on reducing costs, and improving quality and delivery Wanted to achieve a flatter structure, bring in multi-skilling, and provide broader career progression opportunities Create a 'learning environment' and enhance employee involvement	Developed by a working party of management and union representatives Certificates of competence were devised and are issued by the Chadderton Engineering Skills Centre Progression in the first four grades (operatives) is dependent on achieving competence in a number of designated areas Progression in the craft grades is dependent upon the meeting of skill requirements at NVQ levels 2 & 3	Capabilities are assessed against EnTra accredited Competence Units Assessments are carried out by a qualified Training Assessor. The assessor makes a decision based on whether the individual can produce work to the required standard, and has the necessary qualifications Assessment also requires confirmation from the line manager whereupon the individual receives a pay increment. The line manager's role in the assessment is not clearly defined
Bonas Machine Company (250) Performance Appraisal (skill-based) *[IDS Report 689]*	Private Manufacturing Blue Collar	To encourage flexibility and team-work To create a structure that allows individuals to work in any manufacturing area of the plant	Five levels of skill are defined for each manufacturing area. Level five denotes the ability to train others and the opportunity to learn in other areas Ability to move to other areas believed to alleviate problems of gender skill inequality. Under old structure women workers received the lowest pay compared to their male 'skilled' colleagues. The new structure's emphasis on flexible skill training facilitates equal access to training and, by implication, progression	Monthly assessments are carried out by the team leader Assessments are based on the individual's behaviour and their commitment to the new working arrangements: team working, skill improvement, internal supplier-customer relationships, and self-management

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Borg Warner Automotive (261) Performance appraisal (skill and competency based standards) *[IDS Report 708]*	Private Manufacturing Blue Collar	To harmonise terms and conditions and the removal of anomalies and unclear job roles that had crept into the old system To create a single pay structure aimed at removing differences between 'staff' and 'shop-floor', thus promoting cross-functional teamworking To move to a system perceived as simple and fair by employees	Jobs have been divided into three broad categories Existing job holders provided the input for 'role profiles' within each category, and agreement reached on 'key accountabilities', 'success criteria' and 'behavioural competencies', for each role Specific qualifications, training, experience and skills have also been identified Job profiles were checked for consistency and evaluated using the Hay system The system was overseen by a working group of three trade union representatives and three from management/HR	No details are given concerning current methods of evaluation The next phase is to extend employee development using upward and team-based appraisals — but with no link to pay

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Burnley NHS Trust (74) Merit Pay *[IDS Management Pay Review 166]*	Public Health Clinical Directors and Senior Managers	To help manage change, control the trust's paybill and improve performance Considered national pay arrangements as 'irrelevant', and the move towards local pay arrangements will 'cascade' down through the organisation Previously used the Individual Performance Review system, but feels that it has reached the end of its shelf life Wanted to link individual and team objectives to the trust's own business plan, rather than national considerations		Assessment of individual objectives are by a panel including the chief executive, the medical director and a general manager Targets and standards of performance are agreed with the assessors in advance of the financial year Interim appraisals are carried out during the year, with an annual review to determine overall achievement

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Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
Eastern Electricity (1,350) PRP (Merit Pay) *[IDS Management Pay Review 167]*	Private Service Managers	Wanted a closer link between individual and company performance To achieve a consistent appraisal system that can be applied company wide	Company wide appraisal system begins with the setting of individual objectives linked to specific results in 'key performance areas' Agreement on personal development plans is also reached; emphasis given to team building and 'business focusing' Pay matrix links performance ratings to position in salary range; merit increases greater for those below range midpoints, those currently on range maxima receive no merit pay increase but are eligible for exceptional performance bonus There exists a right of appeal all through the appraisal process, from disagreement over objective setting to the performance rating given	Performance reviews take place twice yearly, but to keep the objectives relevant employees are 'coached' continually; objectives can be revised at the six month review Achievement is measured against a five point scale ranging from 'outstanding' to 'unacceptable progress' Ratings are checked for consistency by the industrial relations department Internal review of the performance distribution revealed no significant difference by gender, grade or function

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Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
Employment Service (45,000) Performance Appraisal *[IDS Report 680]*	Public Agency Clerical/ Managerial	Has used newly delegated powers to determine its own pay and conditions exercise more control over its paybill To reward staff who were doing well, or who were doing demanding jobs To create a flatter management structure, and make a more effective use of available money	Each year the amount to be spent on performance-related salary increases (there are no general pay rises) is expressed as a percentage of the paybill, and determined in advance Rejected the central civil service method of performance appraisal as inadequate New appraisal system focuses on the achievement of business goals and the individual's job performance Management jobs were evaluated using the Treasury's job evaluation system, with the aim of making distinctions between Job Centres in different areas; previous system provided no incentive for an experienced manager to take a job in a busy inner-city location	Staff have an annual meeting with their line manager resulting in a performance agreement, consisting of a 'statement' about the nature of the job and a number of performance objectives There is a quarterly review with the option for the objectives to be redrafted based on external influences Performance is rated by line managers using a four box mark system ('Not Satisfactory' to 'Outstanding'), judged in relation to the meeting of achievement objectives Line managers have been provided with 'guidance' that 5% of staff are expected to achieve 'Outstanding' and 75% the rating below

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Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
Health & Safety Executive (4,000) Performance Appraisal *[IDS Report 706]*	Public Agency Clerical/ Managerial	Has used newly delegated powers to determine its own pay and conditions and overhaul its previously large and complex grading system Its aim has been to foster a corporate identity, create a unified career structure, and allow greater movement for staff around the organisation It wanted to bring in a pay structure that would link individual performance, reward and the organisation's performance To streamline its bargaining arrangements	Job evaluation was used to create seven job bands; discussion of the band allocations took place with the unions Rejected the central civil service method of performance appraisal as inadequate The new system was designed to emphasise quality, how a job is done as well as what is produced, responsibility and specific objectives System involves the setting of priority objectives which are reviewed, assessed and given one of four performance grades. The performance pay budget is determined in advance and shared between the first three grades using a ratio of 6:5:4.	Priority in evaluation is given to methods seen to achieve an acceptable level of consistency and fairness Setting of priorities is between the member of staff and the line manager, resulting in a 'personal work plan' Individual's performance is reviewed and measured against the work plan and given a provisional performance mark at six months, and an overall mark at one year Changes to the personal work plan can be agreed at any time between the individual and the line manager

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Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
Midland Bank (30,000) Performance appraisal of skill and competency based standards *[IDS Report 696]*	Private Service Clerical	To bring clerical staff into line with managers' pay structure To achieve a balance between team and individual reward To create a consistent pay philosophy under which awards are driven by the Bank's performance, and related to the performance of the staff	There remain five clerical grades that are now centred on a 100% rate called the 'Good' performance maximum Within each scale their are two further maximum rates: 'High' (104.5%), and 'Outstanding' (109%) There are two potential unconsolidated bonus awards, a performance bonus provided for those rated as high or outstanding, and a profit based bonus New performance appraisal system is based around core standards for each grade, with minimum benchmarks based on skills and competencies Implemented without reaching agreement with the trade union	All line managers and staff have been trained in the operation of the system Uses the same five-point rating scale as the managers, but clerical staff are assessed against standards rather than objectives Believes that there is less scope under this system for line managers to make subjective assessments, but there are no details given to support this

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Rhone-Poulenc Agriculture (320) NVQ *[IDS Report 656]*	Private Manufacturing Blue Collar	Believes that using NVQs will give the company greater flexibility in meeting the sites operational needs Wanted to eliminate the need for a job evaluation system, believes that the use of NVQs will provide benchmark task profiles	Progression is dependent upon the successful completion of stages of the employees training programme eg to reach the multi-skilled level the employee has to complete two educational units, four training stages and demonstrate successful utilisation of the skills in their work Employees are assessed on their current competencies and a training contract is drawn up specifying the modules to be taken and their timing Within each module there is the opportunity to develop skills up to NVQ level 3	Details of the assessment procedure and who is involved have not been given

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Royal Mint (350) Performance Appraisal *[IDS Report 690]*	Public Agency Non-Industrial	Has used newly delegated powers to determine its own pay and conditions and relate jobs to their own established values and requirements To remove barriers preventing the types of jobs that internal staff can apply for (eg technical to non-technical) To expand the space available for performance-related salary progression, as staff turnover is low (5%) and there were few opportunities for promotion	Job evaluation was used to create seven job bands; discussion of the band allocations took place with the unions A competency framework was devised from the job evaluation data, and includes both individual and team-based Overlapping bands have between 17-21 salary points to create room for performance-related progression Rejected the central civil service method of performance appraisal as inadequate The new system is similar to that of the HSE but with even greater emphasis on achievement of objectives (accounts for two-thirds of the performance score) and improvement of outputs	The appraisal process is designed to be completely open, and the appraisee has both a copy of the appraisal and the chance to add their own comments Setting of objectives is between the member of staff and the line manager; discussion also of the relevant competencies and objectives for developing them Individual's performance is reviewed and measured quarterly, with an overall mark at one year Have a working party to analyse the consistency of the appraisal scoring system over time

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Scottish & Newcastle (23,500) Skill-based (NVQ) *[IDS Report 698]*	Private Service Non-managerial	A need to harmonise their previously complex pay and training structures To meet legal requirements for unified rates for part-time and full-time employees Wanted to value competency over length of service or type of work Reduce staff turnover and ensure a better trained workforce	Accredited NVQ based training scheme linked to pay and tailored for the needs of the company NVQ 1 (pub staff) can be taken in five areas, and more than one can be taken for multi-skilled staff NVQs 2-4 represent a career ladder approach leading to management of large pub restaurant Trade union was consulted at all stages of the implementation	Higher rate of pay on commencement of the NVQ, and a further increase on completion Rates of pay are described as minimum levels with operational managers having flexibility to pay higher rates where necessary
Trico (520) NVQ *[IDS Report 671]*	Private Manufacturing Blue Collar	Working towards Investors in People status New working practices such as cellworking have introduced the need for a more flexible and multi-skilled workforce Changes in the pay structure, from piecework to monthly pay, were designed to encourage employees to tackle new tasks that may take a while to become proficient at	1.5% of the pay bill is set aside to cover training needs identified at the appraisal stage; books and materials are provided and paid time off for exams is granted; day release is considered non-viable due to production demands Cell matrices are used to determine the training needs of cellworkers in terms of percentage competence at each task for each person The aim is for 100% competency at each task for each person to allow rotation	Supervisors track the tasks that lack competent people to do them on a monthly basis, and personnel check to ensure there is continuity of progress It is discussed how over 250 employees have passed at least one NVQ level, however, no details are given as to the structure, validation and assessment of the training

Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
TRW Steering Systems (1,500) Skill-based *[IDS Report 692]*	Private Manufacturing Blue Collar	To adopt a system that promotes flexible team-working and skill development	System comprises of a 'skill matrix', within which each team member is plotted against the skills the company requires Individual's level of competence is rated from 'training course needed' to 'able to train others' Each skill is graded in terms of difficulty and given a points rating, when an individual is judged fully competent they are awarded the points attached to that skill Increments based on points interval	No details given regarding evaluation or who is responsible for assessing full competence Employees have a bi-annual counselling session with their line manager for the identification of training needs As it is described how there is usually a six month period between skill increments, it is likely that the bi-annual training discussions have implications for judgement of skill progression

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Appendix 3

Case Studies: Competency Frameworks

Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
Barclays Life Assurance *[Competency Vol 3:1]*	Private Service Managers	Wanted to clearly define and roles, jobs and the achievements expected of employees Expected that a competency framework would be of value in personal development and recruitment To create a common language for development and recruitment	External consultants held a series of structured interviews with job holders; questionnaires were used to focus on activities and generate details of what was needed for good performance The draft framework incorporating these responses was then crafted into the final version by senior managers and training specialists The final framework consists of competency profiles for sales advisor, field sales manager and trainer; only the field sales manager's profile is detailed, and contains seven core competences: goal orientation; professional standards and integrity; communication; motivating others; planning and organising; critical reasoning and decision-making; training and development Each competency has a description and a list of performance indicators	The framework for sales advisors is used for recruitment and personal development, and is the main tool used for their assessment; line managers assess competencies through direct observation as the individual works with customers Field sales managers and trainers are sent to an assessment centre to have their profiles evaluated Software is being developed that will record assessments of performance against competencies

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
BP Oil *[Competency Vol 2: 3]*	Private Manufacturing All staff levels	To create a systematic approach to identifying development potential To link personnel issues to future performance objectives To provide quality criteria for recruitment and selection	Worked with previous model for senior managers, the OPEN behaviours programme (set up in 1990 to facilitate cultural change), and involved a large representative sample of all levels of employees to create the current framework Three clusters are described, but only the first two are detailed: **Core business skills** – problem-solving; understanding standards; performance management; cost control; negotiating skills; IT skills; **Open behaviours** – open thinking and learning; personal impact and influence; networking; team working; coaching and development Details not given on the breakdown of these clusters, or how they are described	Employees are expected to focus only on those competencies relevant to their level The framework is used differently throughout the company, here it is used as a focus for discussion about performance improvement and training needs Managers are being encouraged to use the framework for internal and external selection

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
CIS *[Competency Vol 2: 3]*	Private Service (Financial) Managers	To ensure that training and development is closely related to business needs To assist graduate recruitment and development	Used an in-house team to interview departmental managers, senior managers and job holders below managerial level The framework consists of nine competencies: personal organisation; delegation; personal impact; problem-solving and decision-making; communication; business awareness; financial accountability; leadership; use of computers Details are not given on the breakdown of these clusters, or how described	Line managers are involved in the assessment of the framework, but no details given on how

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Evans Medical *[Competency Vol 3: 1]*	Private Manufacturing Blue collar, Supervisors and Managers	Believes that investing in developing its employees is the key to contending successfully with the growing competition	**Supervisors/Managers**: external consultants designed a framework based on the MCI standards as the company wanted to be up and running quickly with a tried and tested model The management development programme was cascaded down from the executive level to ensure maximum commitment Competency framework is not detailed **Blue collar**: NVQs have been introduced for laboratory and production workers, however, no details are given as to the structure, validation and assessment of the training	All managerial staff are 'benchmarked' against the competencies, using both self-assessment and their line manager's assessment The competencies are used to identify training needs and in compiling role descriptions Under development is a 360-degree appraisal system based on the MCI personal competence model

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
HM Customs and Excise *[Competency Vol 3: 2]*	Public Service Managers	Wanted to establish clearer links between performance and business objectives To create a common language for its performance management system To encourage individuals to become behaviour rather than task orientated Competencies seen as an effective change facilitator	External consultants convened workshops to determine the key competency areas for the different jobs 1% of the organisation drew up and assessed competency agreements to amend and refine the framework before the board's approval The framework consisted of six clusters with 16 key competencies: **commitment to achievement** – developing self and others; self-motivation; quality of service; leadership; **communication skills** – oral communication; written communication; **participation** – teamworking; working with change; **personal effectiveness** – personal organisation; resource management; interpersonal awareness; innovation; **judgement** – analysis; decision-making; **technical expertise** – technical application; technical learning Each competency is defined using an illustrative vignette followed by a list of example effective behaviours	The framework is a key part of performance appraisal and personal development Its use for recruitment is under consideration No details are given on operational or evaluation issues

Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
ICI *[Stothart C (1995), 'High performance competencies: development through self-managed learning', Organisations and People, Vol 2:1]*	Private Manufacturing Managers	Wanted to improve its response to rapid change To encourage self-managed learning	Internal HR specialists used focus groups, rep. grid with key managers and behavioural event interviews with average and outstanding managers, to look at those competencies managers felt they should have now and in the future The final framework consisted of 11 competencies that were shown to differentiate between average and outstanding managers, or were important for business success but rarely shown in practice: getting results; seeking excellence; strategic thinking; forward thinking; broad thinking; initiative; independence; coaching; encouraging teamwork; adaptability; situational influencing Each competency has a description and a list of performance indicators	To capitalise on the framework a work-based development programme was developed with 360-degree feedback, a performance management workshop, and support and challenge groups Managers were given a competency-based questionnaire to manage their own learning, and opportunities for self-analysis and skills practice

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Company/ Pay Structure	**Sector**	**Rationale**	**System Developed**	**Operation/Evaluation**
London Borough of Ealing *[Competency Vol 3: 1]*	Public Service Managers	Wanted a structure that would create a flexible and positive approach to the future To generate a common language of performance requirements among the different strands of management	Internal HR specialists used questionnaires to validate the Local Government Management Board's framework of 18 competencies Business unit managers were asked to assess the relevance of these competencies and give their own priorities; the results were compared to senior management's version of events The final framework consists of four clusters with nine competencies in total: managing operations; managing finance; managing people; managing information External consultants were commissioned to give indicators of performance for each competence	The framework is being used for senior level selection and is under consideration for recruitment use The framework was used by development centres to construct personal development plans No details are provided on evaluation or how personal development plans would be updated in the future

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Norweb *[Competency Vol 2: 3]*	Private Service All staff levels	Wanted an approach that would develop the skills needed for its new business direction since privatisation, and facilitate major cultural change	Internal HR specialists held focus groups and behavioural event interviews with line managers to establish a generic competencies profile for the whole business The framework focuses on personal characteristics rather than functional tasks and is grouped into three clusters: **Understanding the business** – vision; business know-how; reasoning **Managing people** – directing; team-work and motivation; communication **Delivering performance** – influencing; achievement drive; customer awareness; flexibility Each competency has a behavioural description together with examples at three levels of performance – good, average and under-developed	Emphasis is on self-development and taking responsibility for own career progression Each employee is given a directory of competencies with suggested ways of improving performance in weak areas; line managers are in a coaching role The framework is being used as the basis for the performance appraisal system, but no assessment details are given; it is also being used in assessment centres for managerial selection

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Olympus Sport *[Competency Vol 3: 2]*	Private Service Managers	Wanted to improve management performance, and have a system that could identify and address individual development needs Wanted a system that would encourage managers to take responsibility for their own training needs and give clarity to achievement objectives	Critical incident and rep. grid techniques were used in interviews with a random selection of senior, area and store managers to create a checklist of important topics, followed by focus groups with store managers to add amendments A questionnaire was sent to 100 store managers considered to be good, average or poor to validate the behaviours; high correlation found between behaviours assessed as effective; the business success of the manager, and the area manager's judgement Competencies were grouped into seven areas: business management; commercial awareness; communication; planning and organisation; people management; self-management; problem-solving New job descriptions were issued based on the competencies needed to achieve key results in each of the above areas	Performance reviews are conducted with the aid of a personal development directory, containing advice on identifying development needs Assessment is made against achievement in key result areas and the relevant competencies Assessment centres have been introduced based on the competency framework and used for recruitment Plan to use the framework to set up a development centre to assess manager's potential

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Petrolite *[Competency Vol 2: 3]*	Private Manufacturing Blue collar	Working towards Investors in People status To identify and structure development opportunities	Set up NVQ programme for clerical staff; have incorporated competence-based assessments into apprenticeships, leading to HNC qualifications for mechanical and electrical maintenance employees Developed a performance assessment system for shopfloor workers, using external consultants (no development details given), that incorporates both behavioural and functional competencies Framework consists of six clusters: efficiency; technical skills; teamwork; confidence; concern for order; resilience Each competency has a behavioural description	Assessment details are scant, but rating scales are used to determine the level of performance against the example behaviours

Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Poole NHS Trust *[Competency Vol 3: 1]*	Public Health Senior managers	Wanted a systematic approach to assessment, initially for senior managers, but one that could be used for the entire workforce Needed a structure that could identify personal development needs	Internal HR specialists researched other organisations' frameworks and borrowed those elements that were felt to be relevant Held workshops with senior managers to discuss those competencies felt to be both of present and forward looking value Framework consists of ten competencies: customer service orientation; networking; management of resources; change orientation; problem-solving/ decision-making; team management; performance management; staff and personal development; visionary; management style Each competency has a brief definition followed by a series of effective behavioural questions	The structure of the framework with its list of questions, enables the appraiser to judge the level of performance using a checklist approach The framework is being used to rate the individual's level of competence, identify development needs and facilitate personal development plans Performance discussions have been reported as becoming more focused and productive; managers conducting the assessments find that they facilitate greater objectivity The framework is being considered for recruitment and selection

Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Public Record Office *[Competency Vol 2: 1]*	Public Service Managers	Management development was flagged as a key training need after a personnel review Wanted a common language to facilitate cultural change	External consultants carried out a training needs analysis on a large cross section of managers Six competency clusters were identified: achieving results; wider business perspective; building effective relationships; leadership; personal approach; specialist and technical expertise Each competency is broken down into sub-sets with a general description and a list of positive and negative performance indicators	Managers undergo a 360-degree assessment to identify their skills in relation to the framework Personal development plans are discussed and agreed between individuals and their line managers A training team has been established which will monitor the individual's progress against the plan, and provide 'quality assurance'

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
The Scottish Office *[Competency Vol 2: 3]*	Public Government Senior civil service managers	Wanted to replace existing development programme	External consultants conducted a widespread interview and focus group programme for current senior managers, their managers and people working for them A draft framework was validated by a representative sample from those originally interviewed There are eight core competencies: leading; formulating policy for Scotland; serving Scottish Office Ministers and senior managers; managing yourself; running the business; managing money; managing people; managing external relationships Each competency is broken down into sub-sets which describe how a senior manager should act together with the knowledge required	The framework is presented as a toolkit with a jigsaw theme to show how the competencies fit together The toolkit contains a menu of learning options, training courses, open learning programmes, coaching, work shadowing and secondment Emphasis is on self-development and drawing up of a personal development plan with the assistance of their line manager There are no plans to extend the framework for use beyond development

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Superdrug *[Competency Vol 3: 2]*	Private Service Managers	Undergoing a process of market repositioning, felt that competencies would provide the most clear and precise approach to meeting the new strategy requirements, and the new skills that this process would involve	Critical incident and rep. grid techniques were used in interviews with a cross section of managers, followed by focus groups to develop the framework Eight competencies were finalised and come with performance indicators: possession of technical mastery; achievement drive; leadership; forward looking; commercial awareness; working with others; creativity and innovation; using information	Used for all selection and recruitment Feeds into the company's performance management system, helping to set objectives and personal development plans Appraisal is through 360-degree feedback Performance based on the competency framework is linked to reward

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Trent NHS Trust *[Competency Vol 2: 3]*	Public Health Managers	Reorganisation of the health service has led to a changed environment and wanted to identify the new skills that were needed Recognised that many of its senior management had professional qualifications but little formal management training Believed that competencies would make the best use of limited resources for training, allow a self-development approach and effectively link organisational needs to those of the individual	External consultants used group discussions with chief executives to brainstorm a framework It was believed that a framework designed around the chief executive role would be applicable to all those exercising managerial and administrative responsibilities (eg ward sisters managing a team of nurses) The framework consists of six clusters: thinking about what needs to be done; getting things done; managing; influencing; helping others; personal effectiveness Each cluster is further broken down into its elements (details not given); example behaviours are given for each competency, with a list of positive and negative performance indicators Job descriptions were drawn up for each level expressed in terms of competencies	Emphasis is on self-development with individuals drawing up their own action plans The job descriptions exist within a resource guide that gives information and practical advice on developing the competencies; details are given of reading and training materials that are to be used in the employee's own time The framework is to be used as the basis for selection interviewing of both internal and external candidates

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Company/ Pay Structure	Sector	Rationale	System Developed	Operation/Evaluation
Woolwich Building Society *[Competency Vol 2: 4]*	Private Service Admin staff, Specialists, Managers	Wanted a consistent approach to methods of measuring quality and performance To establish a common language, and enable training to be better targeted To create links with national standards of competence	External consultants conducted focus groups with middle and senior managers to look at those attributes that made people successful/unsuccessful An initial list of 20 competencies was reduced to a core of ten by the company's top management, based on those perceived as most appropriate for the society's future strategy: leadership; priority setting/personal organisation; team management; customer service orientation; staff development; change orientation; problem-solving; self-motivation/results orientation; motivation; mental agility The framework was slightly modified for the three categories of managers, specialists and admin. staff Each competency has a general description and a list of performance criteria in the form of five questions	Assessment is by line managers using a four-point scale, and self-assessment; the extent to which each assessment contributes to the final rating is not detailed The appraisal process has the dual aims of developing training plans, and together with an assessment of previously agreed objectives, feeding into performance related pay

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